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PROCUREMENT MANAGEMENT AS AN ECONOMIC DEVELOPMENT  
FACTOR IN THE AGRARIAN SECTOR IN KOSOVO

Author's summery

Dissertation for awarding the educational and scientific degree “doctor” at scientific specialty  
“Organization and management of production

Supervisor

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Phd thesis consists 173 pages, including 122 explanation, 82 tables and 25 figures. There are used 66 literary sources.

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## **I. GENERAL DESCRIPTION OF WORK**

The Government of the Republic of Kosovo is aware of the importance of the public procurement function and its role in the economic and social development of the country, as well as its contribution to the country's accession to the European Union in the future. The establishment of the procurement system and its operationalization process are closely linked to the process of building state institutions in Kosovo from 1999 onwards. Since its establishment, the system has continuously evolved, improved, and improved through changes and adaptations institutional, legislative and systemic implementation of a number of reforms in order to make public procurement more efficient and transparent and in line with EU requirements, basic procurement guidelines and best practices. The development of the public procurement system is one of the strategic priorities of the Government of the Republic of Kosovo as part of the National Structural Reforms and in the context of the Public Administration Reform that the Government is already undertaking and planning over the next medium term. The advancement of the public procurement system is set out in the Government Program 2014-2018, the National Development Strategy and the economic reform plan. It is also a subject of consideration and a prerequisite for the European integration process through the SAA and the plan for its implementation assessed annually through EC Progress Reports and OECD / SIGMA reports. However, with the advancement of the public procurement system in Kosovo, with particular emphasis on the legal and institutional framework, efforts to advance the system need to be intensified, especially in terms of increasing efficiency, transparency, accountability and professionalism of the staff responsible for system management, especially using new information technology systems. However, various challenges have been encountered throughout the process ranging from project planning to project implementation. These may lead to a situation where goods and services and capital projects of inappropriate and higher cost would be procured.

Public procurement has a very important role to play in Kosovo. Citizens' opinion on public procurement is very negative because they do not have much information on public procurement procedures, So the importance of this topic is to explain what is public procurement, what are its procedures for spending public money. The study is of particular importance in emphasizing the need for Contracting Authorities. The research will have scientific and practical relevance to the public procurement management of Contracting Authorities and Economic Operators. The data obtained from this research will help the Contracting Authorities to understand the importance of Public Procurement.

Public procurement is vital to the economy of the country and for this reason this very important public expenditure should be guided by a set of public principles, values, best practices, laws, regulations and procedures.

## **Objectives, Research questions and Hypothesis**

Based on the purpose of the study, this objectives and research questions have been raised:

- **Objective:**

**Objective number 1:** To describe and measure the applying of the principles of public procurement in the quality of procurement in Kosovo.

**Objective number 2:** Describe and measure the impact of complaints on the quality of procurement.

**Objective number 3:** Describe and measure the impact of corruptions on the quality of procurement.

➤ **Research questions:**

**Research questions number 1:** Does the transparency affect in the quality of procurement in Kosovo?

**Research questions number 2:** Does the competition affect in the quality of procurement in Kosovo?

**Research questions number 3:** Does the Equality of Treatment/Nondiscrimination affect in the quality of procurement in Kosovo?

**Research questions number 4:** Does the professionalism affect in the quality of procurement in Kosovo?

**Research questions number 5:** Do complaints affect the quality of procurement?

**Research questions number 6:** Do corruptions affect the quality of procurement?

➤ **Main Hypothesis number one:**

**H<sub>01</sub>**– There is no statistically significant interrelation that the applying of the principles of public procurement affects in the quality of procurement in Kosovo.

**H<sub>1</sub>**– There is statistically significant interrelation that the applying of the principles of public procurement affects in the quality of procurement in Kosovo.

➤ **Sub Hypothesis:**

**H<sub>011</sub>**– There is no statistically significant interrelation that transparency affects in the quality of procurement in Kosovo.

**H<sub>11</sub>**– There is statistically significant interrelation that transparency affects in the quality of procurement in Kosovo.

**H<sub>012</sub>**– There is no statistically significant interrelation that competition affects in the quality of procurement in Kosovo.

**H<sub>12</sub>**– There is statistically significant interrelation that competition affects in the quality of procurement in Kosovo.

**H<sub>013</sub>**– There is no statistically significant interrelation that equality of the treatment/nondiscrimination affects in the quality of procurement in Kosovo.

**H<sub>13</sub>**– There is statistically significant interrelation that equality of the treatment/nondiscrimination affects in the quality of procurement in Kosovo.

**H<sub>014</sub>**– There is no statistically significant interrelation that professionalism affects in the quality of procurement in Kosovo.

**H<sub>14</sub>**– There is statistically significant interrelation that professionalism affects in the quality of procurement in Kosovo.

➤ **Main Hypothesis number two:**

**H<sub>02</sub>**– There is no statistically significant interrelation that the applying of the complaint affect in the quality of procurement in Kosovo.

**H<sub>2</sub>**– There is statistically significant interrelation that the applying of the complaint affect in the quality of procurement in Kosovo.

➤ **Main Hypothesis number three:**

**H<sub>02</sub>**– There is no statistically significant interrelation that the applying of the corruption affects in the quality of procurement in Kosovo.

**H<sub>2</sub>**– There is statistically significant interrelation that the applying of the corruption affects in the quality of procurement in Kosovo.

## **The purpose of the study**

The purpose of this paper is to provide the most efficient, transparent and fair use of public funds, enhancing the efficiency of the public procurement system, further harmonization with EU directives, as well as all other funding and sources of contracting authorities in Kosovo. This paper also aims at the integrity and accountability of procurement officers. The paper will focus on the importance of applying the principles of public procurement in Kosovo, where the case study will be the local level, namely the municipalities of Kosovo.

## **Sources of information used**

The sources of information used are:

Own Collected information

- Interview with Procurement officers in Kosovo's institutions
- Economic operators
- Kosovo's citizens

## **Methodology and methods used for analysis**

Quantitative and qualitative methods have been used to carry out this work. Citizens and economic operators were part of the quantitative research, and part of the qualitative research was procurement officials in Kosovo, whose purpose was to understand more about the procurement process in Kosovo and the impact that procurement principles and complaints have on procurement quality.

Quantitative questionnaires are created through the forms Google provides and are thus distributed to citizens and economic operators. Then the answers came electronically, and data processing was done through SPSS version 25.

The qualitative questionnaire was physically sent to the procurement officers and the responses were returned very soon.

Population for quantitative research are Kosovo citizens and economic operators. As the sample was impossible to set according to Slovin's formula for sampling because we could not know the total number of economic operators, the stratified sample will be used, where 50 economic operators and 200 citizens will be surveyed. Whereas the population for the qualitative research were procurement officers, with 21 procurement officers being part of the sample, i.e. 3 officials surveyed in each Region.

Primary data are presented in tables and graphs through descriptive analysis (mean, standard deviation, minimum, maximum, and frequency). This section will include demographic data and category assertions.

To see what the data distribution is like, it will do a data normality test, i.e. the Kolmogorov-Smirnov test to see if the data distribution is normal or abnormal. Whereas the hypotheses will be verified through multiple linear correlation and regression. But before the correlation and regression is done, it will be checked whether the conditions for achieving them are met. First, we need to see if we have a representative sample based on this formula:  $N > 50 + 8m$ , where  $m$  - is the number of independent variables, which in my case is five), and then a normality test is needed to see if we have normal data distribution.

## Contents

ABSTRACT.ГРЕШКА! ПОКАЗАЛЕЦЪТ НЕ Е ДЕФИНИРАН.	
CONTENTS.....	5
INTRODUCTIONГРЕШКА! ПОКАЗАЛЕЦЪТ НЕ Е ДЕФИНИРАН.	
CHAPTER I – THEORICAL REVIEW OF PROCUREMENT MANAGEMENTГРЕШКА! ПОКАЗАЛЕЦЪТ НЕ Е ДЕФИНИРАН.	
I.1 – DEFINITION OF PUBLIC PROCUREMENT .....	ГРЕШКА! ПОКАЗАЛЕЦЪТ НЕ Е ДЕФИНИРАН.
I.2 – IMPORTANCE OF PUBLIC PROCUREMENT .....	7
I.3 – DEFINITION OF PROCUREMENT MANAGEMENT .....	8
I.4 – PUBLIC PROCUREMENT IN KOSOVO.....	11
I.5 – PUBLIC PROCUREMENT LAW IN KOSOVO No. 2003/17 .....	21
I.6 - HANDLING OF COMPLAINTS IN THE PROCUREMENT PROCESSГРЕШКА! ПОКАЗАЛЕЦЪТ НЕ Е ДЕФИНИРАН.	
I.7 – METHODOLOGICAL APPROACH OF STUDY.....	ГРЕШКА! ПОКАЗАЛЕЦЪТ НЕ Е ДЕФИНИРАН.
CHAPTER II – ANALYSIS OF PROCUREMENT MANAGEMENT IN KOSOVO.....	23
II.1 – DEMOGRAPHIC DATA ANALYSIS FOR QUALITATIVE RESEARCHГРЕШКА! ПОКАЗАЛЕЦЪТ НЕ Е ДЕФИНИРАН.	
II.2 – DEMOGRAPHIC DATA ANALYSIS FOR QUANTITATIVE RESEARCH .....	23
II.3 – ANALYSIS FOR QUALITATIVE RESEARCH.....	24
II.4 – ANALYSIS FOR QUANTITATIVE RESEARCH.....	26
CHAPTER III - FUTURE OF PROCUREMENT IN KOSOVO .....	34
III.1 – DEVELOPMENT OF PUBLIC PROCUREMENT .....	35
III.2 – E-PROCUREMENT .....	36
CONCLUSIONS.....	39
RECOMMENDATIONS.....	42
BIBLIOGRAPHYГРЕШКА! ПОКАЗАЛЕЦЪТ НЕ Е ДЕФИНИРАН.	
APPENDIX..ГРЕШКА! ПОКАЗАЛЕЦЪТ НЕ Е ДЕФИНИРАН.	

## II. MAIN CONTENT

There are different definitions and opinions from different authors as to what public procurement is, and what it covers. Further, we will mention several definitions on public procurement. (Duli, 2011).

According to Prof. Sue Arrowsmith: Government procurement generally refers to the purchasing by government bodies from external providers of the products and services these bodies need in order to carry out their public service mission (Duli, 2011). Public procurement” refers to the purchase of goods, works and services by the public sector (and entities subject to public sector influence)(Arrowsmith, 2017).

According to Dr. Tina Erzen: Public procurement can be described as the activity of public institutions – state, local and bodies led by legal right – where public funds are spent on reaching goods in public or overall interest (Duli, 2011).

According to the Public Procurement Law of Kosovo, a procurement activity means any activity related to the commencement or execution of a procedure or other activity leading to or intended to lead to the award of a public contract. The definition of Public Procurement, according to a Kosovar author, is: "Public procurement is a process that deals with the supply of goods, the delivery of services and the execution of works, using public funds, under the applicable procurement legislation( Bovis, The Law of EU Public Procurement, 2015)

Public procurement represents an essential part of the Single Market project launched by European Institutions in 2011. Its regulation will introduce competition and transparency in the market and will be a safeguard for achieving the fundamental principles of the Treaties(Bovis, Eu Public Procurment Law, 2008).

According to the Public Procurement Law of Albania: "Procurement means the purchase, rental or any other means of contracting goods, constructions and services". In Croatia, in the Law on Public Procurement, procurement is defined as “the purchase of goods and services, the contracting of works, the purchase or renting or leasing, in accordance with the methods and procedures set out where the ordering party may use the goods or services providedprocured”. In Macedonia, the Law on Public Procurement stipulates that: “Public procurement is the process of using public funds by some public bodies, with the aim of securing external resources in general from commercial bidders”(Hajdari, 2017)

Public procurement has emerged as a potentially powerful tool to foster research and innovation as well as providing 'targeted markets' for new technologies. Firms are given the incentive to spend money on research in the knowledge that an informed customer is waiting for the resulting risk innovations. Competition has shifted from a single focus on price to providing solutions that offer the greatest advantage to users throughout the lifetime use of the purchase. Crucial at the same time is that it opens up opportunities to improve the quality and productivity of public services offered to European citizens by deploying innovative goods and services. Technologies launched in this way can then move further into the private sector markets(Commissioni Evropian, 2005).

Described in general terms what he calls the economic model, the political model, and the international model for procurement regulation(Trepte , Regulating Procurement, 2004). Procurement by public bodies has implications for a number of areas of law, in particular trade and competition law and administrative law. Failure to comply with public procurement rules may cause public bodies to be sued by unsuccessful contractors (or their governments) under national, EC or WTO legislation(Trepte, Regulating Procurement "Understanding The Ends An Means Of Public Procurement Regulation, 2012).

In Europe, the field of public procurement has been developing since the beginning of the 19th century, with the most rapid developments occurring after World War I. France has a

good track record of establishing a public procurement system complete with contract award procedures, standard bidding forms, and legal review. This began with the law of February 17, 1800, dealing mainly with public affairs (Garcia, 2009).

In Sweden public procurement has been regulated since 1800, although the first provisions covered only government authorities' procurements. In 1920, the Swedish Parliament adopted the first procurement law which was modified to apply until 1994. This law was binding on government bodies but lacked sanctioning measures (Sundstrand, 2009).

Public procurement means a purchase, formal or other contract, of works, supplies and services from public bodies using public funds. Public procurement involves purchasing, renting or renting by contractual means, goods, construction works and necessary public services from the public sector. Public procurement also includes situations in which public funds are mobilized to purchase goods, works and services even if the government is not directly involved.

Then the above definition includes the most prominent areas of public procurement as presented in the following chart: (Public Procurement Regulatory Commission, 2017)

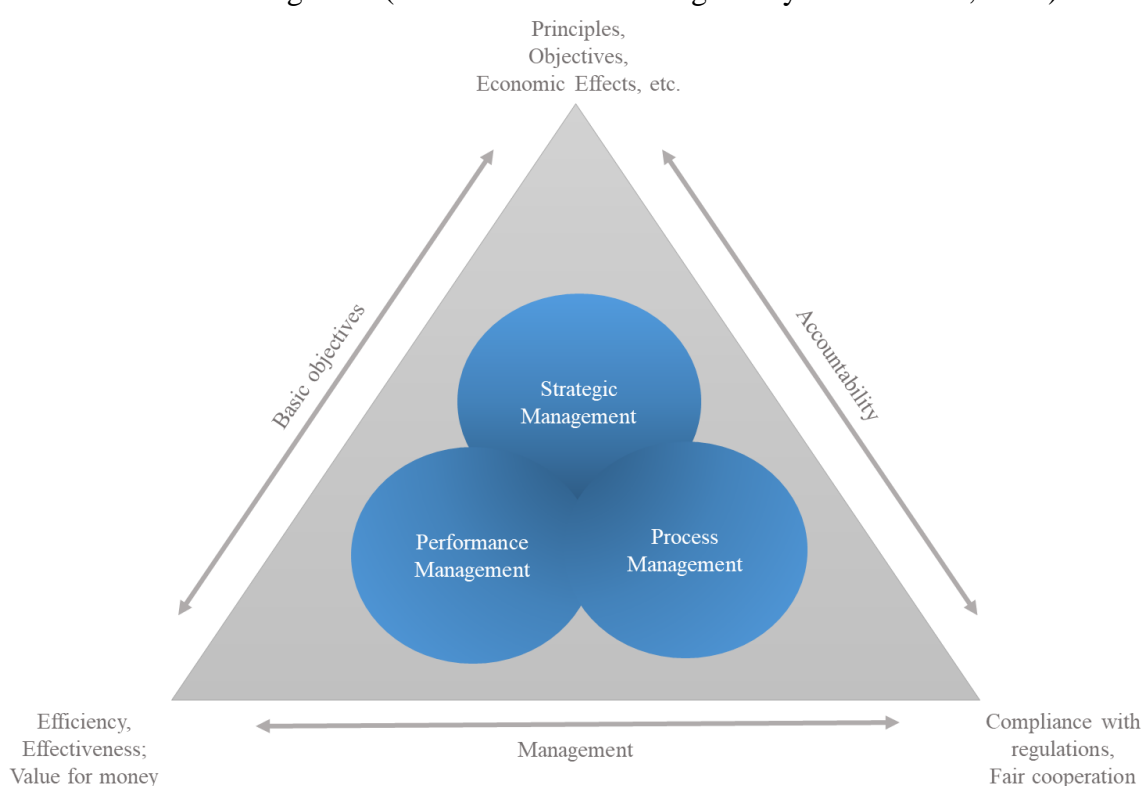


Figure 1. The most prominent areas of public procurement

Source: (Public Procurement Regulatory Commission, 2017)

### Importance of Public Procurement

The importance of public procurement can also be seen in terms of the size of expenditure compared to the national budget and GDP or the size of government purchases. In Kosovo, public procurement of goods, services and works is about 9.4% of GDP, for 20152 the second largest expenditure after wages and salaries (Public Procurement Regulatory Commission, 2017).

According to the 2014 Annual Audit Report, public institutions through the Procurement process spent around 488 million Euros, or about 33% of Kosovo Budget expenditures, 3 slightly above the average of OECD member countries during 2013 which was 29%. According to the PPRC report the value of contracts signed in 2015 was around 401 million euros, not including the value of the Pristina - Han i Elezit highway contract



whose value for 2015 amounts to about 114 million euros (about 516.4 in total) million euros). The public procurement market in 2014 accounted for 8.9% of gross domestic product, 4 representing a slight decline compared to the previous three years while lower than the OECD average of 2013 which was 12.1% (Public Procurement Regulatory Commission, 2017).

This indicates that public procurement is vital to the economy of the country and therefore this very important public expenditure should be guided by a set of public principles, values, best practices, laws, regulations and procedures derived from a National Procurement Strategy public. In addition, public procurement is an important source of income for the private sector (Public Procurement Regulatory Commission, 2017).

### Definition of Procurement Management

Today, different organizations employ various management techniques to carry out the efficient functioning of their departments. Procurement management is one such form of management, where goods and services are acquired from a different organization or firm. All organizations deal with this form of management at some point in the life of their businesses. This is the way the procurement is carried out and the planning of the process that will ensure the things run smoothly. Procurement management is known to help an organization to save much of the money spent when purchasing goods and services from outside (tutorialspoint, 2015).

The focus on procurement management dynamics is linked to a broad understanding of the field and interests where specific activities may be exclusively the object of study; for example, how supplier relationships can drive innovation in the acquiring company or how procurement professionals can be seen as value-creating entrepreneurs (Andreasen, 2012). The framing of approaching the dynamics of procurement management and how the procurement domain literature approaches professionalizing procurement are illustrated in the following figure (Andreasen, 2012):

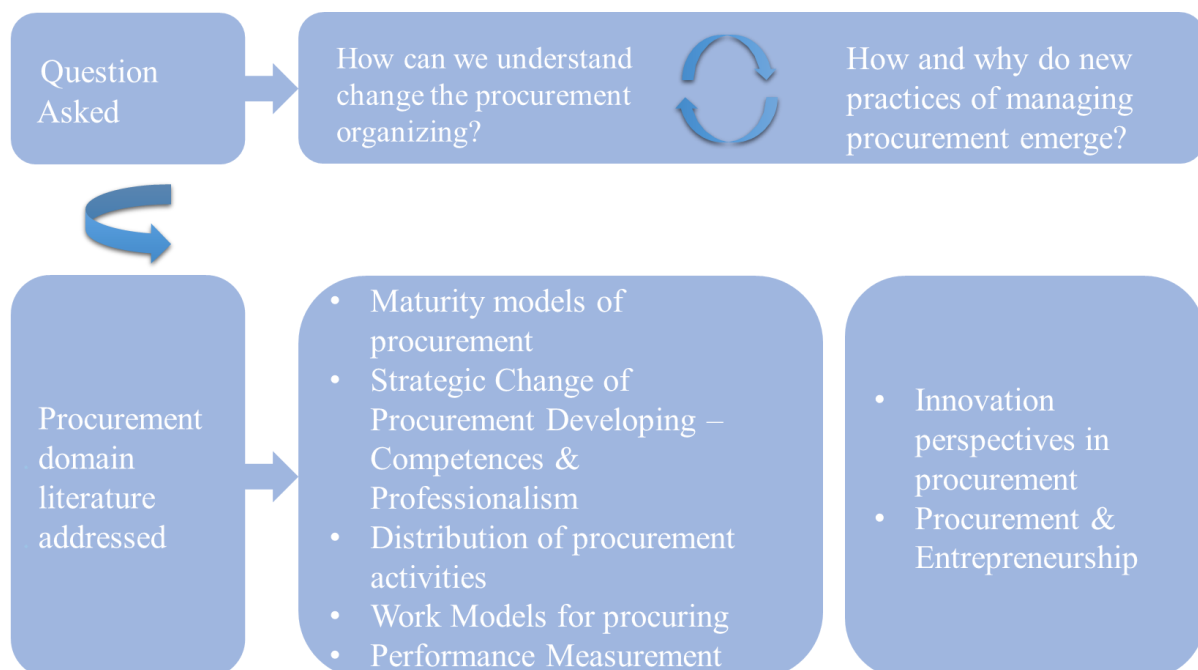


Figure 2. The framing of approaching the dynamics of procurement management

Source: (Andreasen, 2012)

Key Steps for Successful Procurement Management are:

**Specification and planning** — Before anything, companies must put together a cohesive procurement plan and specify what services and goods will be needed, whether internally and externally.

**Identifying and selecting suppliers** — Next, potential suppliers must be researched and identified. Care should be taken to make sure these suppliers can meet your company's needs exactly.

**Proposal Requesting, Negotiating, and Contracting** — Once potential suppliers have been narrowed down, you can begin requesting proposals and negotiating as needed. The negotiation process can shed light on potential suppliers' dependability and trustworthiness.

**Control and Delivery** — After you enter into a contract with a supplier, it's up to your purchasing department to properly control all deliveries and payments.

**Measurement and analysis** — Finally, the entire procurement process must be analyzed using an established system of key performance indicators. This will help in assessing the efficacy, cost efficiency, speed, and overall success of the whole process (Thomas Industry, 2020).

### **Organizing Procurement**

Procurement organization is explained based on these indicators:

- Maturity Models of Procurement
- Strategic Change of Procurement – Developing Competences & Professionalism
- Distribution of Procurement Activities.
- Work Models for Procuring
- Procurement Performance Measurement

### **Maturity Models of Procurement:**

The most referenced maturity model is explained by Reck & Long expressing an explanation from a phase model from which procurement is considered as "passive" by becoming an "integrative" function. According to Phase I of these authors' model, the passive phase includes features when the buyer's time is spent on faster adjustments, routine operations where supplier selection is based on price and availability. The relevance and visibility of procurement with other functions is low, senior management considers the main input from procurement as an efficient treatment of purchase conditions, and procurement is at the bottom of the organizational structure(Reck & Long, 1988).

Also, Freeman and Cavinato explain how procurement changes over time. They argue that the evolutionary process needs to be carefully planned and structured according to the roles, human capabilities, and harmonized with the evolution of the firm itself. Phase I is purely administrative, and because the procurement here is reactive, it promotes cost to minimize behavior. In Phase II, the cost is still in the dictionary, but in addition, there is a forward-looking perspective that requires staff to have some process management skills. The authors point out that protective issues prevent procurement from taking place in Phase III. These issues often concern the scope of the procurement function, the construction of others' doors in the company, and traditional measures of the power of the procurement department (Freeman & Cavinato, 1990).

### **Strategic Change of Procurement – Developing Competences & Professionalism:**

The process of changing procurement strategically primarily focuses on increasing the level of procurement professionalism and competence, because it is expected to increase procurement's status within the company(Andreasen, 2012).

Author Kraljic points out that procurement was in charge of many routine operations and as a consequence there was no time to carry out the value-adding activities needed. This work

involves ensuring the long-term availability of critical materials and cost-competitive ingredients in the context of the risks and complexities associated with the procurement task. So, to cope with the uncertainties in the supply markets, companies need to shift from a procurement perspective to a strategic supply management (Kraljic, 1983).

Ammer claimed that one of the problems that procurement faced in order to change to a strategic position was that senior management did not know much about procurement and how it could contribute towards the success of the company. This lack of knowledge was mainly caused by senior management having expertise in other areas. A related challenge was that key purchasing officers rarely refer directly to senior management. It was effective only when procurement had strong management support and participated in high level decisions (Ammer, 1989).

The authors Tassabehji and Moorhouse claim that skills are the center of the development of procurement practices. The empirical study they conducted included qualitative interviews with 18 senior procurement professionals. They find that although skills have a direct impact on the ability of procurement professionals to fulfill their role competently, the degree of organizational support and internal recognition of the importance of the role were major obstacles to the development and advancement of procurement professionals (Tassabehji & Moorhouse, 2008).

### **Procurement Performance Measurement:**

Much of the procurement literature, in particular the maturity models, in one way or the other relates to the performance of procurement. For example, Cousins and Spekman link the relation to actual and desired level of strategic attainment to skills & competencies, performance measures, and supply strategy in respective order; thus, if you are measured tactically you will behave tactically etc (Andreasen, 2012).

The first and most important challenge for procurement departments and their CFOs is to design a consistent framework for financial evaluation of procurement performance. To help companies develop such a framework, it is useful to draw a model along the following three dimensions (Little, 2009):

1. **Metric of measurement:** Which financial figures and valuation of assets are considered for measurement? (e. g. P&L respective balance sheet or cash flow calculation respective cash-based accounting or cost-/performance accounting).
2. **Period reference:** Which measuring point and reference date are used? (e. g. annual budget versus actual figures).
3. **Depth of examination:** To what extent is value creation measured in the context of purchasing? For instance, does the measurement system only consider material costs, or also follow-up costs? Where is the functional reference base for measurement? (e. g. last year's prices or budget/target prices versus actual market prices).

Van Weele and Roosemeijer argue that performance measurement as a stand-alone topic in the procurement domain is poorly developed, although, as we have seen in this section from the outline of maturity models, performance measurement is a central element in procurement management (Andreasen, 2012):

“Performance measurement in purchasing cannot be considered in isolation. Rather, it is a crucial part of the purchasing management process. Planning and control go hand in hand. If the purchasing function lacks a clear vision, when purchasing strategies and action plans are ill developed and management reporting is absent, systematic performance measurement and evaluation will be difficult if not impossible. Without it, a procurement organization and purchasing cannot be in control”

## **Public Procurement in Kosovo**

Public Procurement in Kosovo was introduced shortly after 1999 war. Seeing the Importance of a New Field Established from Kosovo's Govt. By the United Nations Administration in Kosovo - UNMIK prepared and made its first public procurement document on December 15, 1999, known as Finance Administration Instruction No. 2/1999 on Public Procurement using Kosovo Consolidated Budget funds (Duli, 2011).

That was the second document that became official in Kosovo immediately after the Finance Administration Instruction No. 1/1999, which regulated the cost of budgetary procedures of the Kosovo Consolidated Budget. Those two documents, adopted immediately after the war in Kosovo, were the basis for the implementation and management of all procurement activities for goods, works and services, both procurement and activities for goods, wo financial point of view (Duli, 2011).

Kosovo is at the level of preparation in the field of public procurement. Partial progress has been made in this area, with further alignment with EU criteria and the elimination of preferential treatment for domestic bidders, the adoption of the first steps towards an electronic procurement platform and the further expansion of centralized procurement. The Procurement Review Board is also finally operational after the appointment of board members. However, effective implementation remains a major challenge and procurement remains at risk of corruption. Over the next year, Kosovo in particular should: improve transparency at all stages of public procurement, in particular by systematically monitoring the implementation of public procurement tenders, strengthening the compensation system and ensuring the proper functioning of online procurement. ; address the capacity constraints of the Central Procurement Agency; increase the professionalism and accountability of public procurement institutions and provide appropriate training and certification to procurement officers (European Commission, 2016)

The strategy (2016-2021) and action plan (2016-2018) for strengthening the public procurement system have yet to be adopted. Implementation and enforcement capacity - In 2015, approximately 10 895 contracts were awarded with a total value of almost 401 million euros (about 7% of GDP). Of these, almost 76% were allocated using open procedure, an increase of 3% from 2014. High value contracts account for 57% of all contracts and the average number of bids dropped to 5.8 in 2015 from 6.1 in 2015. 2014. Cancellation of contract notices in 2015 has essentially fallen to just under 14%, from 30% in the previous year (European Commission, 2016).

In March 2016, the government introduced mandatory e-procurement for all budget organizations since January 2017 and the necessary platform has been developed. However, the current implementation of e-procurement faces delays due to poor oversight as well as weak human and technical capacities of the responsible government agencies. Sufficient resources should be provided to support the implementation and maintenance of e-procurement, including the recruitment and necessary training of technical and IT experts. In this context, six staff members of the Public Procurement Regulatory Commission have recently been recruited. Risks and deficiencies continue to exist at all stages of public procurement. The large number of entities (174 contracting authorities) poses a risk of increasing corruption. Apart from poor overall planning, implementation and enforcement remain major challenges. Contracting authorities should base the award of public contracts on the most economically advantageous tender (European Commission, 2016).

Kosovo has a level of preparation for public procurement. Some progress has been made with the adoption of the public procurement strategy and the creation of an electronic procurement platform. However, more needs to be done to prevent irregularities and corruption in the procurement cycle. Kosovo needs to address the weak capacity of public procurement institutions to manage public procurement, insufficient monitoring and

enforcement of contracts, and weak legal remedies systems, all of which are vulnerable to corruption in the case of public procurement. In the coming year, Kosovo should in particular: further align its legislation with European criteria, and ensure proper implementation of the Law on Public Procurement; To increase the capacity of all institutions of public procurement for the administration of public procurement; and to strengthen oversight and monitoring of the full tendering cycle (European Commission, 2018)

Implementation and implementation capacity - In 2017, the share of public procurement in GDP amounted to 7.35%, amounting to EUR 459.7 million. Of these, 87% were contracted through open procedure. However, 98% of public contracts are awarded according to the lowest price criterion in 2017, not according to the best price-quality ratio. Significant price differences were noted for the same items between different contracting authorities. Since January 2017, the use of e-procurement has become mandatory for all contracting authorities, while the parallel paper system is still permitted. However, currently only 3 of the 12 modules of the e-procurement system are operational. In order to fully implement e-procurement, steps must be taken to develop its capacity of use by bidders (especially small and medium-sized enterprises) and buyers. Other significant issues, such as contract oversight and contract management monitoring, are still insufficiently implemented (European Commission, 2018).

Public procurement or the very word "tender" in Kosovo is almost synonymous with the word "corruption". Public procurement has arisen as a need for budget savings, while practice proves otherwise. Procurement legal violations begin at the outset, with its poor planning damaging not only the budget but the country's image in general. Violations were also identified during the evaluation and comparison phase of the bids. Practice has proven that the PRB, which is competent to establish justice in procurement, has also committed a legal violation. Therefore, it is clear from the decisions of the PRB and the Courts that there is a legal breach in all the institutional links (Ujupi & Sadiku, 2016).

The Procurement System in Kosovo continues to be vulnerable to political influence and vulnerable to corruption. This finding is also supported by the European Commission's 2016 Progress Report. The case of Minister of Finance Avdullah Hoti's intervention in the procurement system as analyzed in this document is evidence of the fragility of the procurement system, evidence of intervention and tendency to intervene in independent institutions (Lëvizja FOL, 2016).

### **Procurement Methods**

According to FAI No. 2/1999, the following procurement methods may be used depending on the nature of procurement (Duli, 2011):

- Direct single-source procurement
- Competitive shopping;
- Competitive tendering;
- Restricted competitive tendering;
- Two-stage competitive tendering;
- Procurement methods for consultant services;
- Emergency procurement.

*Table 1. Procurement methods according to FAI No. 2/1999*

<b>Procurement method</b>	<b>Cases in which the procurement method is applied</b>	<b>Main characteristics of procurement method</b>
<b>Direct single-source procurement</b>	Direct single-source procurement may be used for goods, works or ancillary physical services where there is only one possible supplier, for changing existing contracts, for easily perishable articles, in all cases where the value does not exceed €1,250.	Contract is signed directly with only one supplier, with no competition. The contracting authority is obliged to register the reason for using this method in the procurement register.
<b>Competitive shopping</b>	It is used for simple procurement of goods, services or work, whose value does not exceed €25,000.	Publication in the media is not necessary. At least three price quotations must be accepted. Signing of the contract is done based on the lowest price. Negotiations on the change of price are forbidden
<b>Competitive tendering</b>	It is the most preferred method for the procurement of the goods, services or work for large value procurements.	The invitation to tender is to be published in the media. Use of tender documents is obligatory, public opening of tenders by the committee at the due time and place. Evaluation of the tender is done by the evaluation committee, whereas contract award is done based on the lowest price criteria or economically advantageous tender.
<b>Restrictive competitive tendering</b>	It is used for the procurement of goods, services and works that are available in a qualified supplier register by the procuring entity.	There is no need for publishing. Instead, tender documents are sent directly to a limited number of suppliers chosen from the register.
<b>Two-stage competitive tendering</b>	It is used for large, complex contracts where technical requirements cannot be preliminarily defined.	A preliminary prequalification is required. Tender documents are sent only to prequalified suppliers, who are required to submit a technical and financial proposal

<b>Selection based on consultants' qualifications</b>	This procurement method shall be used for standard, common assignments like financial control services, technical projects for simple performances for which the need for preparing and evaluating competitive proposals is not justified.	The procuring entity publishes the procurement asking for the expression of interest. It prepares the list of duties asking information on experience, relevant competencies of the suppliers for engagement, compiles a shortlist of qualified suppliers and chooses suppliers with suitable qualifications and references. After completing the evaluation process by combining technical and financial propositions, the procuring entity invites the selected supplier for contract negotiation.
<b>Consultancy services for complex, major and unique procurements</b>	It is used for services of a complex nature whereby it is difficult to define and specify the right nature of procurement due to rapid advancements in certain procurement	While preparing the request for proposals, a technical proposal is required separately from the financial one. The opening of financial proposal is made after the evaluation of the technical part, whereas after combining these two components, the most suitable supplier is proposed for contract negotiation
<b>Consultancy services under a fixed budget</b>	When the proposed assignment is simple, it can be defined exactly within the available budget.	The procuring Entity shall draft the request for proposal to indicate the available budget and request the suppliers to provide their best technical and financial proposals, within the previously available budget.
<b>Emergency procurement</b>	Emergency procurement may be used for goods, works or services when the procurement is urgent whereas the urgency could not have been reasonably foreseen by the procuring entity	If emergency procurement is used, the procuring entity shall include in the procurement record a memo showing in detail that one of the foregoing conditions for the use of the method has been met. The reasons for deviating from those normal procedures shall be documented in written, signed by the competent authorized officer for deviations

Source: (Duli, 2011)

### **Tendering Phases**

Whenever the procuring entity applies competitive tendering regardless, no matter whether it is restricted competitive tendering or two-stage competitive tendering, the following procedures must be respected (Duli, 2011):

Table 2. Tendering Phases According to Fai No. 2/1999

<b>Tendering Phases</b>	<b>Description</b>
<b>Notice publication</b>	It contains invitation to tender, which allows all interested parties to get information on certain procurement activity
<b>Invitation to tender</b>	It is required to be public and shall contain the following notes: <ul style="list-style-type: none"> <li>• The name and address of the procuring entity that publishes invitation to tender;</li> <li>• A brief description of the procuring goods, works and services;</li> <li>• The means and conditions of obtaining tender documents and the place where they can be obtained;</li> <li>• The deadline, place for submission of tender.</li> </ul>
<b>Tender documents</b>	Detailed instructions to suppliers for the preparation of tenders; <ul style="list-style-type: none"> <li>• Forms of tender with the conditions for performance of procurement activity and other security to be provided;</li> <li>• All terms and conditions of the procurement contract to be performed by the successful supplier;</li> <li>• All detailed technical specifications regarding procurement activities;</li> </ul>
<b>Clarifications and Modifications of Tender Documents</b>	According to FAI No. 2/1999, every supplier who takes part in the procurement process has the right to ask for additional clarifications on any aspect of a procurement activity.
<b>Tender Preparation, Performance, and Other Securities</b>	The supplier who takes part in a procurement activity is required to prepare the tender only based on the requirements presented by the procuring entity, specified in tender documents.
<b>Submission and Receipt of Tenders</b>	Suppliers are required to submit their tenders in a sealed envelope, in written and signed, complying with all the requirements of tender documents, at the determined place and before the deadline stated in the invitation to tender
<b>Public Opening of Tenders</b>	Immediately after the expiry of the specified deadline for submission, the procuring entity shall publicly open all tenders received before the deadline. The name of the tenderer, the total price of the tender and tender security
<b>Examination and Evaluation of Tenders</b>	For every procurement activity, the procuring entity shall appoint an evaluation committee to examine and evaluate all tenders. The evaluation committee shall have the necessary skills to examine the conformance of tenders to the requirements of tender documents, including expertise in procurement, the technology in question, legal and financial matters.



<p><b>Notification of Award and Signing of Contract</b></p>	<p>The notification shall constitute the basis for contract negotiation between the parties. Negotiation shall be confirmed through the signature of a contract document incorporating all agreements between the parties. If negotiations with the recommended supplier are not successful, the procuring entity shall commence negotiations with the next ranked supplier by the evaluator or the approving officer</p>
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Source: (Duli, 2011), Adapted by the author

### **General administration of procurement procedures**

The procurement process is administered through the following 8 steps (Public Procurement Regulatory Commission, 2019)

- Procurement Planning
- Value Forecasting and Contract Classification
- Determining the Procurement Procedure
- Preparing the Tender Dossier
- Publication
- Opening and Evaluation of Tenders
- Awarding and Signing of the Contract
- Contract Management

### **Procurement Planning**

This is the first step in the procurement process (Public Procurement Regulatory Commission, 2019).

Procurement planning is a written document showing:

- The goods, works and services envisaged to be procured during the fiscal year;
- Estimated date of commencement of proceedings; and
- Estimated value of the contract

Procurement planning is a process undertaken by the CA to plan activities over a period of 12 months. Preparation of annual procurement plan:

- a) Eliminates the need for emergency procurement or exemptions;
- b) Gathers requirements, where possible, to gain value for money and reduce procurement costs;
- c) It enables the identification of framework contracts to provide an efficient, cost-effective and flexible way of procuring works, services or supplies that are required continuously or repeatedly over a specified period of time; and
- d) Avoid separation of procurement requirements that are largely the same or interrelated.

### **Value Forecasting and Contract Classification**

This is the second step in the procurement process. The estimated value of a public contract must be estimated before the procurement procedure is initiated. Such calculation shall be reasonable and realistic for the contract envisaged in terms of efficiency, cost effectiveness, and transparent and fair use of public funds and resources.

Based on the estimated value of the contract, contracts are classified into four different types of contracts:

- High value contract
- Medium value contract

- Low value contract
- Minimum value contract (Public Procurement Regulatory Commission, 2019)

*Table 3. Contract Value Forecast*

PREDICTED VALUE	SUPPLY	SERVICES	DESIGN COMPETITION		WORK
			Contract award for services	Rewards and payments for participants	
GREAT VALUE	≥ 125,000 €		≥ 125,000 €	≥ 100,000 €	≥ 500,000 €
MEDIUM VALUES	< 125,000 €		< 125,000 €	< 100,000 €	< 500,000 €
	≥ 10,000 €		≥ 10,000 €	≥ 10,000 €	≥ 10,000 €
SMALL VALUES	< 10,000 €		< 10,000 €		< 10,000 €
	≥ 1,000 €				≥ 1,000 €
MINIMUM VALUE	< 1,000 €		*		< 1,000 €

Source: (Public Procurement Regulatory Commission, 2019)

Codes for the classification of public contracts according to the value provided for the creation of "Procurement identification number" are as follows:

*Table 4. Codes for a set of predicted values*

Codes for a set of predicted values	
1	Great value
2	Medium value
3	Small value
4	Minimum value

Source: (Public Procurement Regulatory Commission, 2019)

### **Determining the Procurement Procedure**

This is the third step in the procurement process (Public Procurement Regulatory Commission, 2019)

The procurement procedure will be determined on the basis of:

- the estimated value of the claim; or
- the circumstances surrounding the claim.

The estimated value of the request will be the main criterion for determining the procurement procedure. However, regardless of the estimated value, the circumstances surrounding the request may be used as additional criteria for determining the procurement procedure.

Circumstances constitute:

- a) emergency situations;
- b) the possibility of securing works, services or supplies from a single provider;
- c) the need to adapt to existing work, services or supplies;
- d) the complexity of demand.

### **Preparing the Tender Dossier**

This is the fourth step in the procurement process (Public Procurement Regulatory Commission, 2019)

Pursuant to Section 27 of the PPL, the CA shall compile a tender dossier for each anticipated contract or design contest, unless the contract is of minimal value. Tender dossiers and design contest files will be prepared using relevant standard forms approved by the PPRC. PPRC has approved, depending on the procedure used, Standard Tender Dossier (DT) of various types which can be downloaded from the PPRC website.

- DT for supplies
- DT for services
- DT for work
- DT for design competition
- TDs for public framework contracts (supplies, services and works)
- DT for Price Quotation
- DT for consulting services (double envelope system)

The structure of the tender dossier consists of three parts: (Public Procurement Regulatory Commission, 2019)

### **PART A - Bidding procedure**

It consists of two parts:

- Instructions to bidders
- Tender data sheet and annexes

Guidance to bidders is a standard form that does not need to be completed by CA.

The procurement officer must complete the tender data sheet for each activity of procurement.

### **PART B - Draft Contract**

Contains the conditions that the competing bidder must accept, so negotiations are not allowed. It consists of two parts:

- General conditions
  - Special conditions
- The general conditions should not be changed

Specific conditions must be met by the Procurement Officer at the time of preparation of the Tender Dossier.

## PART C - Tender Form

It is the main part of the tender because in this part the bidder declares that he has checked and accepts all the terms of the tender and submits his financial offer. It is made of:

- Tender Form
- Price list
- Your form
- Price list

## Publication

This is the fifth step in the procurement process (Public Procurement Regulatory Commission, 2019).

Publications are one of the key components of transparency. By publishing you inform potential EOs of anticipated public contracts or design contests and of the results of procurement activities or design contests.

There are 7 types of notifications:

- Advance notice;
- Contract Notice;
- Contract Award Notice;
- Cancellation notice of the procurement activity;
- Cancellation notice of contract award;
- Notification of additional information or error correction; and
- Contract Notice.

## Timelines

Table 5. Regular timelines

	Procedures		
	Open	Limited	Competitive by negotiation
Of great value	40 days	20 days of receipt of requests	10 days receipt of requests
		40 days for receipt of tenders	20 days for receipt of tenders
Of medium value	20 days	15 days of receipt of requests	10 days receipt of requests
		20 days for receipt of tenders	20 days for receipt of tenders
Of little value	5 days	/	/
Of minimal value	1 day	/	/

Source: (Public Procurement Regulatory Commission, 2019)

*Table 6. Accelerated Timelines*

	Procedures	
	Open	Limited
Of great value	15 days	15 days of receipt of requests 10 days for receipt of tenders
Of medium value	10 days	15 days of receipt of requests 10 days for receipt of tenders

Source: (Public Procurement Regulatory Commission, 2019)

### **Opening and Evaluation of Tenders**

Opening and evaluating tenders is the sixth step in the procurement process (Public Procurement Regulatory Commission, 2019)

The Procurement Officer shall designate an opening committee, not less than 2 (two) members, to open tenders / requests to participate / quotations. Members are appointed ad-hoc.

Timely received tenders / requests to participate / quotations will be opened by the procurement officer immediately after the deadline for submission (30 minutes after the deadline) at the place and time specified in the contract notice and in the tender dossier, or, if applicable, the document extending the time limit.

Tenders received, through open, restricted or price quotation procedure (other than minimum values), shall be opened publicly where each tenderer shall have the right of one representative to observe the opening of tenders. (except minimum values), a representative will be publicly opened to observe the opening of tenders.

### **Awarding and Signing of the Contract**

The evaluation and comparison procedure will result in the ranking of tenders. The tenderer that has submitted the best tender that is ranked according to the contract award criteria will be awarded the contract. The tender dossier, including annexes, sets out all the material terms of the contract and therefore there is no room for any negotiation of the terms of the contract before signing (Public Procurement Regulatory Commission, 2019).

### **Contract Management**

The moment when an Economic Operator begins executing the contractual responsibilities depends on the terms and conditions set out in the Tender Dossier and the contract signing by those authorized to sign.

The term contract refers to the General Conditions of the “RFQ” Contract and the Special Conditions of the “SCC” Contract.

KPCs cover all possible aspects related to the Economic Operator's obligations with respect to the contract and define the breach, fundamental breach of terms and remedies in relation to the contract and define breach, fundamental breach of terms and remedies applicable to each party. KPCs remain unchanged in the format set out in the tender dossier. The SCC amends, adds to, or amends the provisions of the CCK. Whenever there is a conflict, Special Conditions will prevail (Public Procurement Regulatory Commission, 2019).

## **Public Procurement Law in Kosovo No. 2003/17**

It is regulated by Law no. 04 / L-042 on Public Procurement of the Republic of Kosovo as amended by Law no. 04 / L237, law no. 05 / L-068 and Law no. 05 / L-092 and the relevant secondary legislation. The Public Procurement Law first adopted in Kosovo in 2003 was amended in 2007 in order to bring procurement activities closer to EU provisions, simplify certain legal requirements, clarify issues and introduce definitions. News. Increased flexibility and the establishment of an independent Procurement Review Body (PRB) were the most important transformations. The Concessions Regulation departed from the law to prevent confusion and non-compliance with the specific law on the concession procedure that was adopted in 2005. A significant number of secondary legislations enabling the Law to be implemented has been prepared, including standard forms for each type of concession. Notice, code of ethics, a form for reporting contracts signed, standard forms of tender dossiers, a complaint form for the Procurement Review Body and guidelines for minimum value procedures. The law contains the key principles of good governance such as the Principle of Transparency, accountability, non-discrimination, integrity, etc. The legislation is generally in line with EU criteria. It also reflects the principles of public procurement such as: value for money, free competition, transparency, equal treatment, mutual recognition and the principle of proportionality. However, the PPL has a legal vacuum in public procurement related to defense. The existing secondary legislation has largely been adapted to the provisions of the new legislation. After the latest amendments (2016) to the law it is expected that we will again have a process of reviewing the bylaws affected by the changes as well as a thorough revision of the Procurement Law during 2017.

Public procurement (8 times since 2003) have been caused by different circumstances, in particular, the need for adapting to new developments in public procurement and the need for continued alignment with new EU-approved directives. Strategic and policy planning in the field of procurement can avoid frequent law amendments which present a challenge for institutions that develop and implement legislation.

The public procurement policy framework so far has not had any comprehensive strategic framework or long-term policies for the development of the public procurement system, which has also led to very frequent changes to the public procurement legal framework. Procurement policies have so far been addressed within the overall strategic framework related to the public financial management system. Whereas certain procurement segments are planned with specific strategic documents. The National Development Strategy refers to procurement and aims at “closing the spaces for abuse in the public procurement system. Implementation of the e-procurement system is one of the government priorities included in the National Development Strategy and the Economic Reform Program which foresees:

- Approval of the National Public Procurement Strategy
- Application of e-procurement platform, initially with e-tendering module
- Adoption of operational guidelines for electronic procurement,
- Training for all procurement officers on e-procurement
- Capacity building, basic and advanced training.

The strategy for public procurement training was drafted and adopted in 2014. In addition, the Government in April 2014 adopted the Strategy for Public Private Partnerships 2014-2016 document which includes the procurement system when applying the PPP. Whereas the aspects of ethics and anti-corruption in public procurement are addressed by the Anti-Corruption Strategy 2013-2017 and its implementation plan which refer to the prevention and combating of corruption in public procurement and envisage taking a number of measures.

The institutional framework for public procurement responsible for policy development, provision, implementation and monitoring of the implementation of legislation is established and functioning. The main bodies that have the main role of public procurement in Kosovo are: Public Procurement Regulatory Commission (regulatory body), Procurement Review Body (review of complaints) and Central Procurement Agency (joint procurement). Other institutions that have a role in public procurement are: Kosovo Institute of Public Administration, Office of the Auditor General, Anti-Corruption Agency, and Treasury in the Ministry of Finance.

**Public Procurement Regulatory Commission (PPRC)** The PPRC started functioning in February 2005 as an independent regulatory agency and is responsible for developing, operating and overseeing the public procurement system. Pursuant to the Public Procurement Law, the Commission is responsible for preparing and publishing secondary legislation, including procurement rules, manuals, guidelines, standard forms, model contracts, recommendations for improvement of the PPL and the general public procurement system. for the Government and Parliament. In addition, the PPRC is responsible for:

- raising awareness among contracting authorities and economic operators of the public procurement framework,
- providing assistance with the implementation and interpretation of the PPL and bylaws,
- monitoring compliance of contracting authorities through manual and electronic systems; and
- support KIPA (which is responsible for training and certifying procurement officers) to develop and maintain the skills and competencies of procurement professionals. The Commission is also responsible for establishing and maintaining the public procurement register (for notices, invitations, tender files, reports, appeals and decisions related to each procurement), for initiating and supporting the development of e-procurement, for maintaining a website providing access to the Registry, laws, bylaws and their interpretation, for the development of an information system for the publication of notices covering Kosovo-wide and for the development and maintenance of a list of contracting authorities. The PPRC should systematically collect and analyze information on public procurement procedures and contracts awarded and prepare and submit to the National Assembly an annual report summarizing all relevant activities.

Finally, the PPRC has the responsibility to operate and collaborate with other organizations at home and abroad on public procurement issues.

**4.5.2. Procurement Review Body (PRB)** The PRB, which started operating in August 2008, is responsible for examining complaints related to the Public Procurement Law and the Law on the Procedure for the Award of Concessions. PRB is a quasi-judicial body competent for reviewing decisions administrative procedures issued by central procurement institutions for conducting procurement procedures and reviewing complaints by tenderers under the review procedure. PRB is composed of 5 members elected by the Assembly. The number of staff of the PRB is already 17, and there is a need for the PRB to have 5 new officers respectively review expert and professional associate.

**4.5.3 Central Procurement Agency (CPA)** The CPA functions as an autonomous executive agency with broad responsibility for central-level procurement procedures. The main function of the Agency is central purchasing. It may decide that any procurement procedure to be conducted by a contracting authority in Kosovo shall be governed by the CPA itself in lieu of the contracting authority, for reasons of professional expertise, cost-effectiveness, efficiency or other legitimate issues, as formulated in Law on Public Procurement. The number of staff is already 15 and there is a need for the CPA to have around 10 new officials.

# Analysis of Procurement Management in Kosovo

## Demographic data analysis for quantitative research

A part of the quantitative research was 50 economic operators and 200 citizens, who gave us information about the procurement process in the Republic of Kosovo.

## Demographic data analysis for Economic operators

The table below shows that 18% (n = 9) of economic operators were female and 82% (n = 41) were male.

*Table 7. Gender of Economic Operators*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	9	18.0	18.0	18.0
	Male	41	82.0	82.0	100.0
	Total	50	100.0	100.0	

The age table tells us that 20% (n = 10) of economic operators were aged 26 - 33 years, 38% (n = 19) belonged to age 34 - 41 years old, 30% (n = 15) belonged to age 42 - 49 years old and only 12% (n = 6) were over 50 years old.

*Table 8. Age of Economic Operators*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	26 - 33 years old	10	20.0	20.0	20.0
	34 - 41 years old	19	38.0	38.0	58.0
	42 - 49 years old	15	30.0	30.0	88.0
	Over 50 years old	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

Regarding the distribution of operators by Regions, we see that 12% (n = 6) were from Pristina, 16% (n = 8) were from Mitrovica, 22% (n = 11) were from Peja, 10% (n = 5) were from Prizren, 18% (n = 9) of economic operators were from Ferizaj, 10% (n = 5) were from Gjilan and 12% (n = 6) were from Gjakova.

*Table 9. Distribution of Economic Operators by Regions*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Pristina	6	12.0	12.0	12.0
	Mitrovica	8	16.0	16.0	28.0
	Peja	11	22.0	22.0	50.0
	Prizren	5	10.0	10.0	60.0
	Ferizaj	9	18.0	18.0	78.0
	Gjilan	5	10.0	10.0	88.0
	Gjakova	6	12.0	12.0	100.0
	Total	50	100.0	100.0	



This table shows the number of employees in enterprises that were considered economic operators. 20% (n = 10) of economic operators had 0 - 9 employees, 50% (n = 25) had 10 - 49 employees, 18% (n = 9) of the enterprises had 50 - 249 employees, and only 12 % (n = 6) we had over 250 employees.

*Table 10. Number of employees in enterprises*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 - 9 employees	10	20.0	20.0	20.0
	10 - 49 employees	25	50.0	50.0	70.0
	50 - 249 employees	9	18.0	18.0	88.0
	over 250 employees	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

In terms of annual turnover, we find that 24% (n = 12) had an annual turnover of Less than 50 000 Euro, 56% (n = 28) had an annual turnover of more than 50 000 Euro and less than 2 000 000 Euro, 16% (n = 8) had an annual turnover of more than 2,000,000 Euro and less than 4,000,000 Euro, and only 4% (n = 2) had an annual turnover of over 4,000,000 Euro.

*Table 11. Annual turnover*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 50 000 Euro	12	24.0	24.0	24.0
	More than 50 000 Euro and less than 2 000 000 Euro	28	56.0	56.0	80.0
	More than 2,000,000 Euro and less than 4,000,000 Euro	8	16.0	16.0	96.0
	Over 4 000 000 Euro	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

## Analysis for Qualitative Research

### ➤ Opinion of procurement officials on the principle of transparency

Procurement officials were asked how transparent the public procurement process in Kosovo was and they stated that the procurement process was sufficiently transparent until all contracts relating to large and medium-sized contracts were used, using open, restricted or restricted procedures. negotiated are published on the official website of public procurement in Kosovo and published in the daily newspaper.

They also stated that the preparation of the tender dossiers and all other documents necessary for the economic operators are available online and prepared in all official languages of Kosovo, as well as in English.

According to procurement officials, every stakeholder involved in procurement activities is likely to request additional information on procurement activity from

procurement officials, thus providing procurement officials with reasonable access to all data required, indicating evidence of transparency.

According to the officials, all parties involved in the procurement process, notwithstanding the citizens, are provided with complete and rich information on the entire procurement process, the winning tender operator, attached and with convincing arguments of the reason that why exactly that operator is the winner of the tender. Given that all this information is accessible online to anyone who is interested in the procurement process, shows a great deal of transparency of activities.

➤ **Opinion of procurement officials on the principle of competition**

Concerning the principle of competition, procurement officials have stated that they do not undertake any activity within the procurement process that would eliminate competition between economic operators. To eliminate any problem, open procedures are used to try to involve as many economic operators as possible, creating genuine competition among them. They stated that before the law any economic operator applying for a tender and meeting all the requirements specified in the vacancy notice may be involved in the procurement process.

According to officials, the competition is handled on the basis of the criteria set out in the contract notice and in the tender dossier, in this form the selection of the economic operator will be done through fair competition. They also stated that try to establish fair competition, they treat all applicants equally and give opportunities to new operators. However, despite this, officials stated that the law on public procurement in Kosovo should be amended in order to improve the quality.

➤ **Opinion of procurement officials on the principle of equality / non-discrimination**

According to procurement officials, they treat all economic operators interested in participating in the procurement process equally, they stated that they do not in any case take such actions that discriminate or favor any economic operator. Procurement officials stated that they never create such circumstances which may result in territorial, personal, material or even organizational discrimination.

Officials stated that when preparing the competition, they make sure to include all the technical specifications, including the relative importance of each request, the invitation to tender, because otherwise the non-written specifications are not used when selecting the tender. economic operator. They stated that the selection of the winning economic operator is based on the criteria prescribed by the contracting authority, and ensure that this process is as transparent as possible.

According to them, they set minimum qualifying requirements and give them the option of either improving any document or bringing in additional documents, as well as providing them with the necessary information if required and by law.

➤ **Opinion of procurement officials on the principle of professionalism**

According to procurement officials, there is no special institution in Kosovo that prepares and upgrades procurement officers. They stated that the trainings affect their professional development and positively affect the better quality of the procurement process.

As the procurement process is an ever-increasing field, the provision of vocational training would facilitate the development of procedures.

They expressed dissatisfaction with the Public Procurement Regulatory Commission, stating that they only organize training to fulfill their mandatory by requirement to train staff at the top of the procurement process, because those trainings are organized at a low level and without affecting their advancement. The reason is the duration of the training, which turns out to be one day, thus denying the possibility of some days training where accommodation is provided.

➤ **Opinion of procurement officials on the development of public procurement principles in the Republic of Kosovo**

Concerning the development of public procurement principles in Kosovo, some officials stated that they would not change or develop anything regarding public procurement principles, but would only be adherents of their strict adherence.

Another part of the respondents stated that the procurement principles need to be changed, with much to be added and much to be removed. They also stated that good practices should be adopted and should be placed in the legislature.

➤ **Opinion of the procurement officers on the e-procurement process in the public procurement process in the Republic of Kosovo**

Officials were asked how the e - procurement process affects the procurement process, and they stated that e - procurement enhances transparency, increases credibility by complying with public procurement law.

According to procurement officials, e-procurement should be further enhanced as it faces numerous problems.

They stated that an ideal procurement would be by interacting with other sectors, eg CA, in particular an advanced dimension planning and compilation sector and a contract supervision and management sector.

### **Analysis for Quantitative Research**

Part of the quantitative analysis are economic operators and citizens of the Republic of Kosovo, from whom we will receive information about the procurement process in Kosovo.

#### **Analysis with economic operators**

This section will provide descriptive analysis of procurement principles, the quality of procurement, complaints about the procurement process, and corruption occurring in the procurement process. The hypotheses raised will also be validated.

#### **Descriptive data for the first objective**

From the table that presents descriptive data on procurement principles from the perspective of economic operators, we see that the average ranges from 2.5 to 3.3 for each of the procurement principles. This means that in the procurement process the operators have not been neutral with respect to the principle of transparency, not satisfied with the way competition is handled in the process, have not been very satisfied with the way they are treated and non-discriminated, and All principles, the lowest result was the principle of professionalism, where the operators were not quite satisfied with the professionalism of procurement officers.

*Table 12. Descriptive data on procurement principles - Economic Operators*

	N	Minimum	Maximum	Mean	Std. Deviation
The Principle of Transparency	50	1.00	5.00	3.3050	1.08125
The Principle of Competition	50	1.00	5.00	2.9283	0.91241
The principle of equality / non-discrimination	50	1.00	5.00	2.6600	0.88173
The principle of professionalism	50	1.00	5.00	2.5100	0.75248
Valid N (listwise)	50				

In addition to the general average of the category transparency principles, group assertions are also important, and are: All notices of procurement activities are published on the official Kosovo Public Procurement website, using open, restricted or negotiated

procedures, the mean is  $\bar{x} = 3.58$ ; The internet provides rich information on all aspects of the procurement process, the funds, the winner, the arguments for why he won, and the performance of the contract, the mean is  $\bar{x} = 3.18$ ; Procurement officers shall ensure that the language versions of a prior notice are in accordance with the law and contain materially identical information, the mean is  $\bar{x} = 3.30$ ; The time limit set by the contracting authority for the receipt of tenders or requests to participate is sufficient to prepare and submit the documents in question, the mean is  $\bar{x} = 3.16$

Of all the categories of procurement principles, the principle of transparency had the best result, with economic operators declaring above average that notices of procurement activities are public on the official public procurement website of the Republic of Kosovo, as well as all necessary information that the process of the procurement is accessible online, and the deadline for receipt of tenders is sufficient according to them.

*Table 13. Descriptive data on the principle of transparency - Economic Operators*

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
All notices of procurement activities are published on the official Kosovo Public Procurement website, using open, restricted or negotiated procedures.	50	1	5	3.58	0.992
The internet provides rich information on all aspects of the procurement process, the funds, the winner, the arguments for why he won, and the performance of the contract.	50	1	5	3.18	1.289
Procurement officers shall ensure that the language versions of a prior notice are in accordance with the law and contain materially identical information.	50	1	5	3.30	1.216
The time limit set by the contracting authority for the receipt of tenders or requests to participate is sufficient to prepare and submit the documents in question.	50	1	5	3.16	1.283
Valid N (listwise)	50				

In addition to the general average of the category of the principles of the competition, group assertions are also important, and are: The Procurement Office shall take all measures to ensure competition between economic operators, the mean is  $\bar{x} = 3.20$ ; The procurement office uses open procedures to ensure the participation of as many interested economic operators as possible in the procurement process, the mean is  $\bar{x} = 2.69$ ; The procurement activity was conducted in accordance with the law and there were no discriminatory criteria when preparing the tender dossier, the mean is  $\bar{x} = 3.04$ ; Procurement officers use open procedures when conducting a procurement activity, and in this form, there is genuine competition in the conduct of procurement activities, the mean is  $\bar{x} = 2.78$ .

According to the mean values for each category, we see that the score for the competition principle is lower than the score for the transparency principle. So economic operators were less reconciled that all measures were taken to ensure equal competition between economic operators, they were not reconciled that they used open procedures to guarantee the participation of as many economic operators, they stated on average that the procurement activity is in compliance with the law and that there is no discrimination in the preparation of the tender dossier.

*Table 14. Descriptive data on the principle of competition - Economic Operators*

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The Procurement Office shall take all measures to ensure competition between economic operators.	50	1	5	3.20	1.010
The procurement office uses open procedures to ensure the participation of as many interested economic operators as possible in the procurement process.	49	1	5	2.69	1.025
The procurement activity was conducted in accordance with the law and there were no discriminatory criteria when preparing the tender dossier.	50	1	5	3.04	1.106
Procurement officers use open procedures when conducting a procurement activity, and in this form, there is genuine competition in the conduct of procurement activities.	50	1	5	2.78	0.975
Valid N (listwise)	49				

In addition to the general average of the category of the principle of equality / non-discrimination, group assertions are also important, and are: The Procurement Office treats equally and equally all economic operators who express an interest in participating in a procurement activity, the mean is  $\bar{x} = 2.74$ ; The procurement office in every respect has contributed to the competition between economic operators, the mean is  $\bar{x} = 2.60$ ; In conducting procurement activities, the procurement office shall ensure the participation of all interested economic operators regarding the specifics related to the procurement activity, the mean is  $\bar{x} = 2.72$ ; The procurement office has created conditions and conditions for all economic operators to be equal regardless of ethnic, territorial, physical and material background, the mean is  $\bar{x} = 2.58$ .

Based on the averages of each assertion, we see that the operators were not satisfied with the way the economic operators were treated equally, they were not very satisfied that the procurement officers contributed to the competition between the economic operators, as well as they on average slightly above 2.5 stated that the procurement office creates conditions for all economic operators to be treated equal regardless of ethnic, territorial, physical and material background.

*Table 15. Descriptive data on the principle of equality / non-discrimination - Economic Operators*

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The Procurement Office treats equally and equally all economic operators who express an interest in participating in a procurement activity.	50	1	5	2.74	1.046
The procurement office in every respect has contributed to the competition between economic operators.	50	1	5	2.60	0.969

In conducting procurement activities, the procurement office shall ensure the participation of all interested economic operators regarding the specifics related to the procurement activity.	50	1	5	2.72	1.031
The procurement office has created conditions and conditions for all economic operators to be equal regardless of ethnic, territorial, physical and material background.	50	1	5	2.58	0.950
Valid N (listwise)	50				

In addition to the general average of the category of the principle of professionalism, group assertions are also important, and are: Procurement officers perform their duties meticulously, the mean is  $\bar{x} = 2.62$ ; They are always ready to provide additional clarifications, the mean is  $\bar{x} = 2.34$ ; They adhere to and respect the competition criteria, the mean is  $\bar{x} = 2.58$ ; Procurement activities are executed in full compliance with the Law on Public Procurement in Kosovo, the mean is  $\bar{x} = 2.50$ .

Regarding the category of professionalism, we see that economic operators were not sufficiently satisfied with the way procurement officials do their job and their accuracy, they were not of the opinion that procurement officers are willing to provide additional clarification where necessary, they are skeptical that they respect the competition criteria.

*Table 16. Descriptive data on the principle of professionalism - Economic Operators*

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Procurement officers perform their duties meticulously.	50	1	5	2.62	0.901
They are always ready to provide additional clarifications.	50	1	5	2.34	0.848
They adhere to and respect the competition criteria.	50	1	5	2.58	0.810
Procurement activities are executed in full compliance with the Law on Public Procurement in Kosovo.	50	1	5	2.50	0.995
Valid N (listwise)	50				

### Verification of hypotheses

Before hypothesis is verified, see if there is a normal distribution of data, where in table below are presented values indicating that we have a normal distribution of data, since  $p > 0.05$ .

### Tests of Normality

*Table 17. Tests of Normality for principle of procurement*

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
The Principle of Transparency	0.152	50	0.200	0.935	50	0.008
The Principle of Competition	0.141	50	0.200	0.957	50	0.064
The principle of equality / non-discrimination	0.172	50	0.200	0.947	50	0.025
The principle of professionalism	0.185	50	0.200	0.939	50	0.012

a. Lilliefors Significance Correction

➤ **Multiple linear regression for the first objective**

This table is important as the value of R Square tells us what percentage of the dependent variable, in our case quality, is explained by independent variables such as: the principle of professionalism, the principle of transparency, the principle of competition equality / non-discrimination.

So, in our case, 69.8% of the dependent variable (quality) is explained by the principle of professionalism, the principle of transparency, the principle of competition, the principle of equality / non-discrimination, while 30.2% is explained by the variables not included in the model by some random error. Therefore, if the number of independent variables increases in the model, the value of R Square also increases.

Another important value for discussing the analysis is the Durbin Watson test which shows whether there is autocorrelation in the model. In our case we find that the autocorrelation problem does not exist since the Durbin Watson test value is 1.92.

*Table 18. Model Summary<sup>b</sup> for the first objective - Economic Operators*

Model Summary <sup>b</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.835 <sup>a</sup>	0.698	0.671	0.44179	0.698	26.009	4	45	0.000	1.992

a. Dependent Variable: Quality

b. Predictors: (Constant), The principle of professionalism, Principle of Transparency, The Principle of Competition, The principle of equality / non-discrimination

ANOVA indicates the significance of the model as a whole. Since the value of F = 26.009 and significance p = 0.000 indicates that the model used is significant at each level.

*Table 19. ANOVA for the first objective - Economic Operators*

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.306	4	5.076	26.009	.000 <sup>b</sup>
	Residual	8.783	45	0.195		
	Total	29.089	49			

a. Dependent Variable: Quality

b. Predictors: (Constant), The principle of professionalism, Principle of Transparency, The Principle of Competition, The principle of equality / non-discrimination

Before explaining multiple linear regression analysis, the conditions for regression must be met. One condition that needs to be met is normal distribution, where according to the analysis we see that we have normal distribution of data. Also, the Durbin Watson test value of 1.92 indicates that there is no autocorrelation problem, so this condition is also fulfilled to perform the regression analysis.

Also, the correlation coefficients between the independent variables (Principle of Professionalism, Principle of Transparency, Principle of Competition, The Principle of Equality / Non-discrimination) were moderately weak, so the multicollinearity problem does not exist. Multicollinearity did not occur in our case as we did not have two or more independent variables that are very close to each other.

So, regression analysis rejects  $H_{011}$ ,  $H_{012}$ ,  $H_{013}$ ,  $H_{014}$ , and is accepted by  $H_{11}$ ,  $H_{12}$ ,  $H_{13}$ ,  $H_{14}$ , where the values given in the model have a positive correlation, so the independent variables have a direct impact on the quality. Thus, there is a statistically significant interrelation that the principle of professionalism, the principle of transparency, the principle of equity / non-discrimination affects the quality of the procurement process.

From the regression coefficients table, we see that even if the values of the principle of professionalism, the principle of transparency, the principle of equality / non-discrimination would be 0, the quality would be 0.349 units.

With the increase of one unit in the Principle of Transparency, the quality will increase by 0.011 units, with the increase of one unit in The Principle of Competition, the quality will increase by 0.210, with the unit increase in The principle of equality / non-discrimination, quality will increase by 0.425 units, with unit increase in The principle of professionalism, quality will increase by 0.160 units. So, all independent variables have quality implications, some less so and some more, but all have an impact on the quality of the procurement process.

**Model:**

$$y = \beta_0 + \beta_1 * x_1 + \beta_2 * x_2 + \beta_3 * x_3 + \beta_4 * x_4 + \beta_5 * x_5 + \varepsilon$$

$y$  – Quality of procurement process

$x_1$  – Principle of Transparency

$x_2$  – Principle of Competition

$x_3$  – Principle of equality / non-discrimination

$x_4$  – Principle of professionalism

$Y$ (Quality of procurement process)

$$= 0.349 + 0.011 * x_1 \text{ (Principle of Transparency)} + 0.210$$

$$* x_2 \text{ (Principle of Competition)} + 0.425 * x_3 \text{ (Principle of equality / non-discrimination)}$$

$$+ 0.160 * x_4 \text{ (Principle of professionalism)}$$

*Table 20. Table of regression coefficients for the first objective - Economic Operators*

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.349	0.244		1.427	0.000
	Principle of Transparency	0.011	0.075	0.015	0.146	0.000
	The Principle of Competition	0.210	0.117	0.249	1.803	0.000
	The principle of equality / non-discrimination	0.425	0.132	0.486	3.225	0.000
	The principle of professionalism	0.160	0.139	0.156	1.152	0.000

a. Dependent Variable: Quality

b. Predictors: (Constant), The principle of professionalism, Principle of Transparency, The Principle of Competition, The principle of equality / non-discrimination

### ➤ Simple linear regression for the second objective

This table is important as the value of R Square tells us what percentage of the dependent variable, in our case quality, is explained by independent variables: complaint.



So, in our case, 11.1% of the dependent variable (quality) is explained by the complaint, while 88.9% is explained by the variables not included in the model by some random error. Therefore, if the number of independent variables increases in the model, the value of R Square also increases.

Another important value for discussing the analysis is the Durbin Watson test which shows whether there is autocorrelation in the model. In our case we find that the autocorrelation problem does not exist since the Durbin Watson test value is 1.543.

*Table 21. Model Summary<sup>b</sup> for the first objective - Economic Operators*

Model Summary <sup>b</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.333 <sup>a</sup>	0.111	0.093	0.73398	0.111	5.996	1	48	0.018	1.543

a. Predictors: (Constant), Complaint

b. Dependent Variable: Quality

ANOVA indicates the significance of the model as a whole. Since the value of  $F = 5.995$  and significance  $p = 0.000$  indicates that the model used is significant at each level.

*Table 22. ANOVA for the first objective - Economic Operators*

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.230	1	3.230	5.996	.000 <sup>b</sup>
	Residual	25.859	48	0.539		
	Total	29.089	49			

a. Dependent Variable: Quality

b. Predictors: (Constant), Complaint

Before explaining simple linear regression analysis, the conditions for regression must be met. One condition that needs to be met is normal distribution, where according to the analysis we see that we have normal distribution of data. Also, the Durbin Watson test value of 1.543 indicates that there is no autocorrelation problem, so this condition is also fulfilled to perform the regression analysis.

Also, the correlation coefficients between the independent variable (Complaint) is moderately weak, so the multicollinearity problem does not exist. Multicollinearity did not occur in our case as we did not have two or more independent variables that are very close to each other.

So, regression analysis rejects  $H_{02}$ , and is accepted by  $H_2$ , where the values given in the model have a positive correlation, so the independent variable has a direct impact on the quality. Thus, there is a statistically significant interrelation that the complaint affects the quality of the procurement process.

From the regression coefficients table, we see that even if the value of the complaint would be 0, the quality would be 0.865 units.

With the increase of one unit in the complaint, the quality will increase by 0.524. So, complaint but have an impact on the quality of the procurement process.

**Model:**

$$y = \beta_0 + \beta_1 * x_1 + \varepsilon$$

y – Quality of procurement process

$x_1$ – Complaint

$$Y(\text{Quality of procurement process}) = 0.865 + 0.524 * x_1 (\text{Complaint})$$

*Table 23. Table of regression coefficients for the second objective - Economic Operators*

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.865	0.689		1.256	0.000
	Complaint	0.524	0.214	0.333	2.449	0.000

a. Dependent Variable: Quality

➤ **Simple linear regression for the third objective**

This table is important as the value of R Square tells us what percentage of the dependent variable, in our case quality, is explained by independent variables: corruption.

So, in our case, 20.5% of the dependent variable (quality) is explained by the corruption, while 79.5% is explained by the variables not included in the model by some random error. Therefore, if the number of independent variables increases in the model, the value of R Square also increases.

Another important value for discussing the analysis is the Durbin Watson test which shows whether there is autocorrelation in the model. In our case we find that the autocorrelation problem does not exist since the Durbin Watson test value is 1.543.

Model Summary <sup>b</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.453 <sup>a</sup>	0.205	0.189	0.69402	0.205	12.393	1	48	0.000	1.604

a. Predictors: (Constant), Corruption

b. Dependent Variable: Quality

ANOVA indicates the significance of the model as a whole. Since the value of F = 12.393 and significance p = 0.000 indicates that the model used is significant at each level.

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.969	1	5.969	12.393	.000 <sup>b</sup>
	Residual	23.120	48	0.482		
	Total	29.089	49			

a. Dependent Variable: Quality

b. Predictors: (Constant), Corruption

Before explaining simple linear regression analysis, the conditions for regression must be met. One condition that must be met is normal distribution, where by analysis we find that we have normal distribution of data. Also, the Durbin Watson test value of 1.543 indicates that there is no autocorrelation problem, so this condition is also satisfied to perform the regression analysis.

Also, the correlation coefficients between the independent variable (corruption) is moderately weak, so the multicollinearity problem does not exist. Multicollinearity did not occur in our case as we do not have two or more independent variables that are very close to each other.

Thus, regression analysis rejects  $H_{03}$ , and is accepted by  $H_3$ , given that the independent variable has a direct negative impact on quality. Thus, there is a statistically significant correlation that corruption negatively affects the quality of the procurement process.

From the regression coefficients table, we see that even if the value of corruption were 0, the quality would be 1,390 units.

With the increase of one unit in corruption, the quality will decrease by - 0.494. So, corruption has a negative impact on the quality of the procurement process.

**Model:**

$$y = \beta_0 + \beta_1 * x_1 + \varepsilon$$

y – Quality of procurement process

$x_1$ – Corruption

$$y(\text{Quality of procurement process}) = 1.390 - 0.494 * x_1 (\text{Corruption})$$

Coefficients <sup>a</sup>					
Model		Unstandardized Coefficients		Standardized Coefficients	
		B	Std. Error	Beta	
1	(Constant)	1.390	0.339		4.104
	Corruption	- 0.494	0.140	0.453	3.520
					0.000

a. Dependent Variable: Quality

## FUTURE OF PROCUREMENT IN KOSOVO

Public procurement constitutes one of the pillars of the country's economic development, taking into account that it accounts for one-fifth of domestic GDP and about half of the state budget is implemented through the procurement system.

The process of reforms, changes and improvements of the public procurement system has been followed by the need to follow up-to-date new developments such as: advancing technology, increasing efficiency, accountability and transparency, economic and social development, and alignment and harmonization needs. with EU legislation. The government has moved quickly on reforms by establishing a legal framework for public procurement, although there has been no clear Public Procurement Strategy. (Public Procurement Regulatory Commission, 2017).

So, in this annual period, a strategy has been developed to develop the principles of public procurement, and this year the plan for the implementation of the strategy has been forgotten, with the overall objective of Improving and further modernizing the integrated public procurement system. Enables more efficient use of public funds based on transparency, competition and equal treatment, enabling substantial budget savings and contributing to the overall economic development of the Republic of Kosovo.

The strategy implementation plan has five specific objectives, which aim at improving the public procurement process in the Republic of Kosovo. This plan aims to increase efficiency in the Public Procurement system by establishing rules and monitoring their implementation and to ensure the application of the principle of transparency and access to information at all stages of the procurement activity when using public funds. improve accountability, integrity, accountability, control over the implementation of public procurement policies and legislation, train and develop professional procurement staff and an equipped capacity in the public procurement sector to cope with a growing procurement market and role its expected development in national economic development, ensuring continued compliance with the EU legal framework by utilizing the experience and best practices of EU Member States in the field of public procurement, and improving communication and awareness-raising for public procurement in Kosovo (Public Procurement Regulatory Commission - Republic of Kosovo, 2017).

### **Development of Public Procurement**

In the Republic of Kosovo there is no special institution that deals with the development of procurement principles, but every procurement activity is undertaken by the Public Procurement Regulatory Commission in the Republic of Kosovo.

Since its inception, the procurement system has continuously evolved, improved and improved through institutional, legislative and systemic changes and adaptations implementing a number of reforms in order to make public procurement more efficient and transparent and in line with the requirements, basic guidelines. procurement and EU best practices (Public Procurement Regulatory Commission, 2017).

The development of the public procurement system is one of the strategic priorities of the Government of the Republic of Kosovo as part of the National Structural Reforms and in the context of the Public Administration Reform that the Government is already undertaking and planning in the medium term (Public Procurement Regulatory Commission, 2017).

### **Transparency**

Transparency aims for public procurement institutions over the medium term to focus on strengthening and advancing the implementation monitoring system, not only on compliance but also on efficiency in implementing public procurement procedures. A coordination system between central procurement institutions is very necessary and is foreseen to be one of the first steps after the adoption of this strategy. The e-procurement system will be one of the pillars for increasing transparency and efficiency in public procurement, but when fully deployed, institutions are expected to face numerous challenges that are intended to be gradually addressed in the implementation of this strategy. But in increasing efficiency and efficiency, joint procurement will be one of the segments that greatly influences and which should be expanded to new items and to all contracting authorities. (Public Procurement Regulatory Commission, 2017).

Effective communication and access to public procurement information with all parties involved is one of the fundamental prerequisites for the success of the entire system. For this purpose, it is important to determine the information to be disseminated, the medium and the most appropriate form of dissemination of information and the recipients of information. For the sake of transparency, the PPRC prepares and processes annual reports to the Government and the Assembly. The report provides and analyzes procurement activities in Kosovo and makes recommendations for further development of the procurement system. The annual reports are published on the PPRC's website. Also, there is a lot of information in the PPRC to analyze the procurement market through various procurement notices and reports sent by contracting authorities to the PPRC. But published information is only in the form of annual reports and not all data is accessible to interested parties (in particular it is not possible to extract and process data at the level of each contracting authority or economic

operator or contract. no contract management data is available.<sup>12</sup> In addition, institutions do not publish their own procurement plans. Eventual publication of a procurement plan would help businesses to better prepare for bids in future tenders (Public Procurement Regulatory Commission, 2017).

In order to develop the principle of transparency, a strategy implementation plan has been developed, the objective of which is to increase efficiency in the Public Procurement system by establishing rules and monitoring their implementation and ensuring the implementation of the principle of transparency and access to information. all stages of procurement activity in the use of public funds, undertaking a considerable number of actions such as: establishing and operationalizing a coordination mechanism between central Public Procurement Institutions (Public Procurement Coordination Council), maintaining the e-procurement platform, implementation of mandatory procurement at central and local level, drafting of the law on electronic signature, creation of an electronic public procurement communication platform for exchange of public procurement information and knowledge, elaboration of a list of issues in the PP system that corrective measures should be changed (issuing administrative instructions or explanations, modifying secondary legislation, monitoring contract enforcement by analyzing market prices and prices of public contracts and framework agreements, developing centralized procedures and using framework contracts), publishing all the expertise and decisions of the PRB regarding complaints and monitoring the publications submitted by contracting authorities for publication (Public Procurement Regulatory Commission - Republic of Kosovo, 2017).

### **Prevention of Misconduct and Monitoring**

Accountability is the central pillar of any public procurement system. Without transparent and accountable systems that enable institutions and citizens to engage in a mutually responsible way, the enormous resources channeled through public procurement systems enable the risk of increased corruption and misuse of funds. Even in systems with low levels of corruption, public and civic oversight can help identify inefficiencies, increasing the efficiency and effectiveness of procurement to improve the delivery of services that ultimately benefit citizens (Public Procurement Regulatory Commission, 2017).

Accountability is one of the main challenges of the procurement system but also of the governance system in general. In the service of improving the current situation, the Strategy aims to focus on defining and clarifying the roles and responsibilities of political and administrative management in the implementation of public procurement procedures and the role of the procurement units themselves and their relationship over the medium term. with other structures within institutions. In addition, the system of accountability for violations should be strengthened for both procurement officials and irresponsible economic operators as required by public procurement law and other relevant laws (Public Procurement Regulatory Commission, 2017).

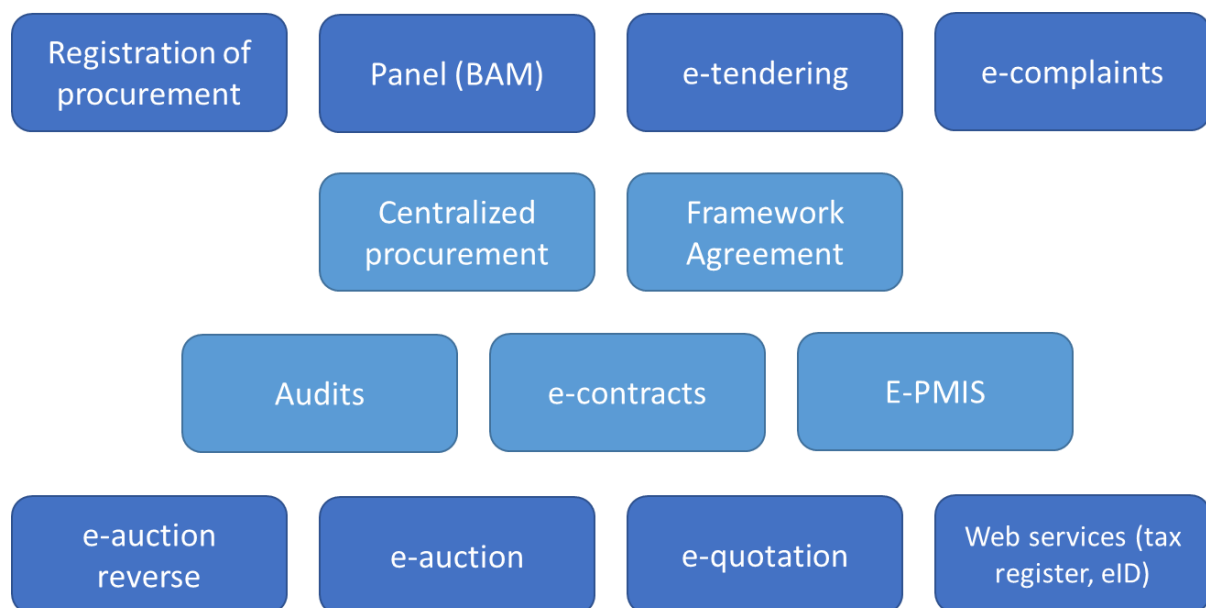
### **e-Procurement**

E-Procurement is implemented as part of a larger business process management initiative. General goals include cost savings, efficiency improvements, and greater strategic and competitive decision making, supported in part by using E-Procurement to (PurchaseControl, 2019).

- To Automate and streamline business processes.
- Achieve improved transparency of, and access to, all spend data.
- To Improve collaboration, analysis, and decision-making through centralized data management.
- Reduce waste, inefficiencies, maverick spend, and human error.

- Connect all applications, including existing enterprise resource planning (ERP), accounting, and customer resource management (CRM) solutions, to create a cohesive software environment driven by shared efficiency.

The use of information technology for the public sector, and in particular for the procurement system, is an essential element of increasing efficiency and effectiveness in the implementation of procurement law. E-procurement will have multidimensional effects, such as increasing transparency, preventing misuse, increasing competition and increasing accountability and trust when implementing procurement procedures. Electronic procurement will, in the future, also help facilitate monitoring as data on the performance of contracting authorities can be extracted from the system. But the challenge will be how electronic procurement can generate data and how much capacity there is at the PPRC, CPA and contracting authorities in managing and using the electronic system. Electronic procurement consists of the following components: (Public Procurement Regulatory Commission, 2017)



*Figure 3. Electronic Procurement Platform*

Source: (Public Procurement Regulatory Commission, 2017)

Given the fast pace of developments in information technology, it is essential to keep up with legal changes as well. Legal change processes are extremely complicated and take time to change so designing a law that enables the regulation of many technical aspects, flexible processes and the application of newer practices in public procurement through secondary legislation is necessary. In all systems that have gone through the e-procurement phase, such legal adaptations have been made, so Kosovo must adapt its legislative system to the latest developments in the use of electronic means (Public Procurement Regulatory Commission, 2019).

Based on this, we can say that E-procurement software makes it easier to manage the flow of documents through automation and electronically generating and transmitting any purchase-related documents to suppliers. The procurement platform helps streamline business processes by speeding up the procurement cycle (PurchaseControl, 2019).

#### **Advantages and Disadvantages**

Through E-Procurement, can achieve: (PurchaseControl, 2019)

**Greater Process Control and Efficiency.** Artificial intelligence and machine learning are powerful tools for process automation, and you can use them to:

- Create levelled, role-appropriate access to shared data

- Build touchless processes for all your critical workflows (complete with routing contingencies
- for approvals)
- Build vendor catalogues connected to contract management, so every order for goods and services is made with the right vendor, at the best price, with the best possible terms and incentives—without excessive risk from maverick spend or invoice fraud.

**Improved Communication and Organization.** Centralized, cloud-based data management means everyone's on the same page, whether they're in the office or a thousand miles away doing business on their tablet, laptop, or smartphone.

Automation and integration remove choke points, roadblocks, and needless human error, improving overall efficiency while reducing costs and waste.

Centralized and comprehensive data storage also makes it easier to use important data analytics tools to extract actionable insights and useful forecasts built on complete, reliable information.

**Substantial Cost Savings.** Process optimization generates immediate and long-term savings through both initial and continuous improvements in efficiency. Your staff can stop devoting time and resources to low-value tasks, and shift their focus to high-value ones. And you can realize even more cost savings through reduced need for overhead, headcount, or investment in hardware, software, and even office supplies (automated, digital processes use far less, paper and materials than traditional, manual workflows).

### **Challenges of e-Procurement**

Unfortunately, e-procurement practices have some limitations and risks such as (BINUS Higher Education., 2017):

- The total cost (TCO) may be too high.
- It may be subject to hacker attacks.
- It may be difficult to get suppliers to cooperate electronically.
- The system may be too complex (e.g., when it uses a traditional EDI)
- It may be difficult to have internal and external integration (sometimes it involves different standards).
- The technology may change frequently.

In practice, various problems are encountered in the procurement process, ranging from planning to project implementation. As such, we highlight cases where inappropriate and high-cost capital goods, services and projects are procured; lack of expertise in planning and conducting tendering procedures, especially in small contracting authorities; procurement officers; the use of modern procurement practices, such as framework agreements and central procurement, which increase the value of money, but the capacities for managing and implementing the system are not adequately prepared. It has to be said that public procurement in Kosovo is still not entirely up to European standards and there is a manifestation of corruption. So, the challenges in this area are huge (Hajdari, 2017).

## **Conclusions**

### **➤ Conclusions on the principle of transparency**

According to the responses of procurement officials we conclude that the procurement process is quite transparent until all contracts relating to large and medium-sized contracts, using open, restricted or negotiated procedures are published on the official public procurement website in Kosovo. and published in the daily newspaper. We also conclude that the preparation of the tender dossiers and all other necessary documents for economic operators are available online and are prepared in all official languages of Kosovo, as well as in English. Any interested party involved in procurement activities, we conclude that it is possible to request additional information about the procurement activity from the procurement officers, ie the procurement officers provide the interested party with reasonable access to all required data, which indicates a record of transparency.

After the analysis of the qualitative questionnaires, we conclude that all parties involved in the procurement process, not excluding the citizens, are provided with complete and rich information on the entire procurement process, for the winning tender operator, attached and compelling arguments as to why exactly that operator is the winner of the tender. Given that all this information is accessible online to anyone who is interested in the procurement process, it shows a great deal of transparency of activities.

Based on the quantitative questionnaire, we conclude that economic operators and citizens are moderately satisfied with the transparency of the procurement process. So, in this case we have a conflict between what was stated by procurement officials and what economic operators and citizens said.

Also based on the value of correlation coefficient and multiple linear regression, we conclude that procurement principles affect the quality of procurement process in the Republic of Kosovo.

### **➤ Conclusions on the principle of competition**

Concerning the principle of competition, we conclude that procurement officers do not undertake any activity within the procurement process that would eliminate competition between economic operators. To eliminate any problem, open procedures are used to try to involve as many economic operators as possible, creating genuine competition among them. We conclude that before the law any economic operator applying for a tender and meeting all the requirements set out in the vacancy notice may be involved in the procurement process. Based on the responses of the procurement officers, we conclude that the competition is handled on the basis of the criteria set out in the contract notice and in the tender dossier, in this form the selection of the economic operator will be through fair competition. Procurement officers strive to create fair competition, they treat all applicants equally and give opportunities to new operators. However, despite this, we conclude that public procurement officials stated that the law on public procurement in Kosovo should be amended in order to improve quality.

Based on quantitative research, we conclude that economic operators and citizens are moderately satisfied with the way competition is handled in the procurement process, being skeptical that economic operator selection is done based on law and adhering to the specifics of the competition.

We conclude that there is a gap between what was stated by procurement officials and what economic operators and citizens surveyed stated.

Also, based on the correlation coefficient and multiple linear regression, we conclude that the competition principle affects the quality of procurement.

### **➤ Conclusions on the principle of equality / non-discrimination**

We conclude that according to the procurement officials, they treat all economic operators interested in participating in the procurement process equally, they stated that they



do not in any case take such actions that discriminate or favor any economic operator. We also conclude that they never create such circumstances which may result in territorial, personal, material or even organizational discrimination.

Officials stated that when preparing the competition, they make sure to include all the technical specifications, including the relative importance of each request, the invitation to tender, because otherwise the non-written specifications are not used when selecting the tender. economic operator. They stated that the selection of the winning economic operator is based on the criteria prescribed by the contracting authority, and ensure that this process is as transparent as possible.

Therefore, based on the qualitative analysis, we conclude that the procurement officers set minimum qualification requirements and give the opportunity to improve any document or to bring additional documents, as well as provide necessary information if required and by law.

Also, based on the quantitative research, we conclude that economic operators and citizens are close to average satisfied with equality in treatment and selection of economic operator. Some of the respondents were of the opinion that there is discrimination between the applicants and that not everything is done fairly.

Also based on the correlation coefficient and multiple linear regression, we conclude that the principle of equality / non-discrimination affects the quality of the procurement process.

### **Conclusions on the principle of professionalism**

Based on the qualitative research and responses of procurement officials, we conclude that there is no special institution in Kosovo that prepares and enables procurement officers. They stated that the trainings affect their professional development and positively affect the better quality of the procurement process.

As the procurement process is an ever-increasing field, the provision of vocational training would facilitate the development of procedures.

We also conclude that public procurement officials in Kosovo declare dissatisfied with the Public Procurement Regulatory Commission, stating that they only organize training to fulfill their mandatory requirement to train staff in charge of the procurement process. , because those trainings have low level organization and no impact on their advancement. The reason is the duration of the training, which turns out to be one day, thus denying the possibility of some days training where accommodation is provided.

Based on the quantitative research, and the responses of economic operators and citizens, we conclude that economic operators and citizens are not satisfied with the professionalism of procurement officials. This is the only principle that has brought unity among the three parties involved in the research, as even procurement officers were not satisfied with the opportunities offered to advance and grow professionally.

Also, based on the correlation coefficient and multiple linear regression, we conclude that the principle of professionalism greatly influences the quality of the procurement process.

#### **➤ Conclusion on the development of procurement principles**

Based on qualitative research regarding the development of public procurement principles in Kosovo, we conclude that some officials stated that they would not change or develop anything regarding public procurement principles, but would only be idle of strict adherence to them. We also conclude that another part of the respondents stated that procurement principles need to be changed, with much to be added and much to be removed. They also stated that good practices should be adopted and should be placed in the legislature.

➤ **Conclusions on the Impact of - Procurement on the Public Procurement Process**

From the qualitative research, officials were asked how the process of e-procurement affects the procurement process, and they stated that e-procurement enhances transparency, increases credibility by complying with public procurement law. According to procurement officials, we conclude that e-procurement should be further enhanced as it faces numerous problems.

They stated that an ideal procurement would be by interacting with other sectors, eg CA, in particular an advanced dimension planning and compilation sector and a contract supervision and management sector, as there are delays.

➤ **Conclusions on complaints in the procurement process**

Based on the quantitative research, citizens and economic operators gave us information that the time to appeal the procurement process is not sufficient, they stated that this deadline would be well extended. They were slightly satisfied with the deadline for replying to the complaint, pointing out that the response to the complaint was delayed. According to them, they are moderately satisfied with the way in which the appeal against the tender decision was handled. Based on all this, we conclude that the complaint process is not very transparent.

Also, based on the correlation coefficient and simple linear regression, we conclude that the grievance process affects the quality of procurement.

➤ **Conclusions on corruption in the procurement process**

Based on the quantitative research, we conclude that citizens and economic operators were not satisfied with the way the procurement process was conducted. They stated that there is corruption in the procurement process and that the ethical level of officials is moderately low. We also conclude that corruption is underreported by economic operators and citizens, as well as investigative bodies, such as the police and prosecution, have little to do with the fight against corruption that occurs in the procurement process.

Also, based on the correlation coefficient and simple linear regression, corruption adversely affects the quality of the procurement process, which means that the higher the corruption in the procurement process, the lower the quality and vice versa. So corruption and quality are inversely proportional.

➤ **Conclusions on the quality of the procurement process**

Regarding the quality of the procurement process, based on quantitative research, we conclude that citizens and economic operators were moderately satisfied with the quality of the procurement process. They were moderately satisfied that procurement transparency, competition treatment, equity in the procurement process, professionalism of officials is high, they were also dissatisfied with the handling of complaints about the procurement process. Based on these statistics, we conclude that the quality of the procurement process is not at a satisfactory level, and much work needs to be done to further to promote the principles of procurement and reduce the level of corruption, as these are some of the indicators that had an impact on the quality of procurement.

## Recommendations

- Since economic operators and citizens were not satisfied with the principle of transparency, we recommend that transparency be further enhanced by ensuring that all procurement activities are published on the official website, and accessible to all stakeholders.
- We recommend that all information on the procurement aspects, the tender winner and the reason for the selected winner be available online, eliminating any inconvenience that competitors may have.
- Since operators have stated that the deadline for the receipt of tenders is not sufficient to prepare the necessary documentation, we recommend that this deadline be extended to enable operators to prepare the necessary documentation and make the applications in time.
- As the principle of transparency affects the quality of procurement, we recommend that this principle be further developed by affecting the quality of the procurement process.
- It is recommended to pay more attention to the selection process of the economic operator, while not eliminating competition among economic operators.
- We recommend amending the Law on Public Procurement in the Republic of Kosovo, affecting this increasing form of quality of the public procurement process.
- We recommend paying more attention to the selection of the economic operator by treating all applicants equally.
- As the principle of equality / non-discrimination has resulted in an impact on the quality of the procurement process, we recommend paying more attention to the equal treatment of all applicants, thereby enhancing the quality of the procurement process.
- We recommend to organize more frequent and longer training on time.
- It is recommended to engage a specific institution that prepares and training staff in the field of public procurement.
- Given that none of the parties involved in the research were satisfied with the professional aspect of procurement officers, and given the impact this principle has on procurement quality, we recommend steps to be taken and develop strategies that would be in the function of professional training of procurement officers.
- It is recommended that during the training the accommodation is provided and that all trainees are provided with certificates.
- We recommend taking good practices for public procurement principles and putting them in the legislature.
- As the statements were that e-procurement is deficient, we recommend paying more attention to e-procurement and developing it to the extent that it meets the needs and requirements of stakeholders.
- We recommend extending the time to file a complaint.
- We recommend that the response to the complaint about the procurement process be faster, as the complain process has an impact on the quality of the procurement process.
- We recommend that the grievance process be more transparent by publishing any complaints and decisions on the public procurement website of the Republic of Kosovo.
- We recommend that measures be taken to reduce corruption in the procurement process, imposing severe sanctions in the event of a breach of work ethic.
- We recommend citizens and economic operators to report any irregularities or acts of corruption to the police or prosecutor's office, denouncing any violations they see in the conduct of the procurement process.

### **III. REFERENCES FOR CONTRIBUTION**

In the thesis can be distinguished contribution these moments with scientific and applied nature:

1. Clarify the essence procurement management in agriculture branch;
2. Developed a conceptual framework for assessing the impact of procurement management as economic factor on development of agriculture sector in Kosovo;
3. Analyze and evaluate the impact of procurement management as economic factor on development of agriculture sector in Kosovo;
4. Recommendations for improvement of procurement management as key factor for development of agriculture in Kosovo.

### **IV. LIST OF PULICATIONS**

1. Hava Qarri. Motivation Of Employees. Knowledge – International Journal, vol.31.05, June, 2019, pp. 1625-1628, ISSN 2545-4439 ISSN 1857-923X
2. Hava Qarri. Motivation For Good Behaviour. Knowledge – International Journal, vol.31.05, June, 2019, pp. 1345-1348, ISSN2545-4439 ISSN 1857-923X
3. Havë Qarri, Jusuf Fejza. Motivation Factors At Work. Knowledge – International Journal, vol.28.5 December, 2018, pp. 1563- 1566, ISSN2545-4439 ISSN 1857-923X
4. Havë Qarri, Jusuf Fejza. Working Conditions As Motivation For Employees. Knowledge – International Journal, vol.28.1 December 2018, pp. 341-34, ISNN25454-4439 ISSN 1857-923X