



**REPUBLIC OF ALBANIA  
COUNCIL OF MINISTERS  
PUBLIC PROCUREMENT AGENCY**

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## **ANNUAL REPORT 2010**

## 1. INTRODUCTION

This report describes the work of the Public Procurement Agency and the functioning of the public procurement system from 01 January 2010 up to 31 December 2010.

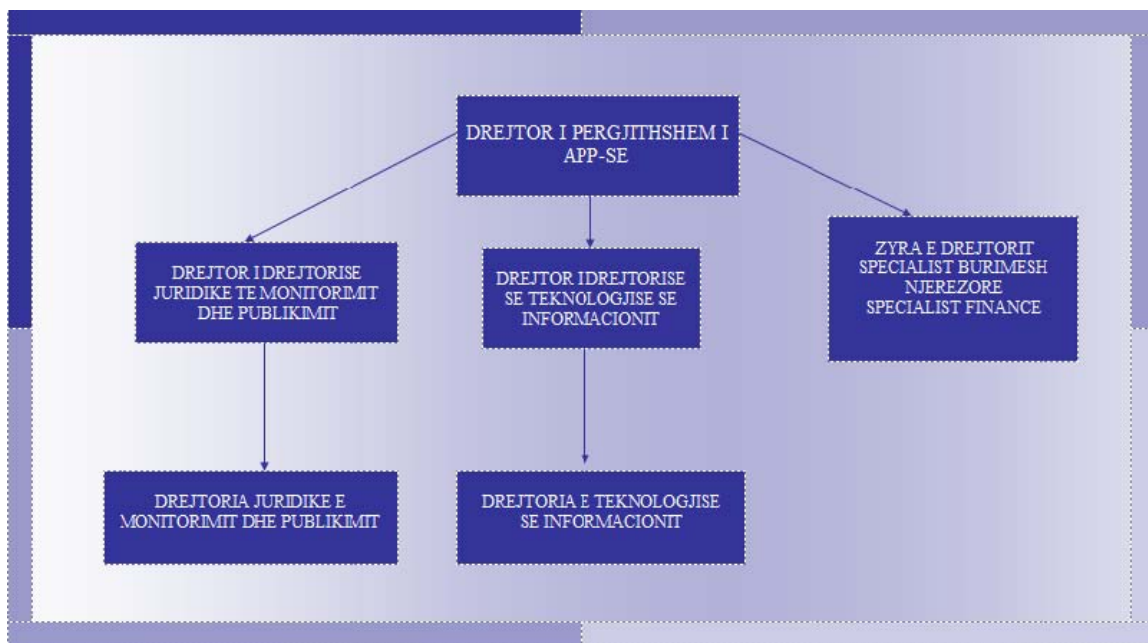
During the calendar year 2010, the Public Procurement Agency has carried out its activity based on **Law No. 9643 of 20 November 2006** “On public procurement”, as amended, Law No. 9663 of December 18, 2006 “On concessions”, as amended, Law No. 9874 of February 14, 2008 “On public auction”, as well as, based on Prime Minister’s Order No. 84 of May 10, 2007 “On the adoption of the structure and organization chart of the Public Procurement Agency”, as amended, and Prime Minister’s Order No. 143 of July 06, 2010 “On the adoption of the structure and organization chart of the Public Procurement Agency”.

In April 2010, the Public Procurement Agency staff was reduced from 36 to 18 persons under the Decision of the Council of Ministers No. 257 of April 23, 2010 “On an amendment to the Decision of the Council of Ministers No. 26 of January 13, 2010 “On defining the staff number of the ministries and central institutions for 2010”, as amended. This followed the establishment of the Public Procurement Commission and transferring to this institution of the authority to review the complaints of economic operators.

In addition, the organization of the Public Procurement Agency was changed upon issuance of Prime Minister’s Order No. 89 of April 23, 2010 “On an amendment to Prime Minister’s Order No. 84 of 10 May 2007 “On the adoption of the structure and organization chart of the Public Procurement Agency”, as amended. Under this Order, the Directorate of Complaints Review and Legal Assistance for Procurements, the Inspection Sector, the Statistics and Bulletin Sector, as well as, the Sector of Training, Human Resources Management, Integration and Finance were merged into one single directorate called The Legal Directorate of Monitoring, Publication, Integration, Training and Finance.

After that, Public Procurement Agency was restructured under the Prime Minister's Order **No. 143 of July 06, 2010** "On the adoption of the structure and organization chart of the Public Procurement Agency".

More specifically, the organization chart of the Public Procurement Agency is as follows:



#### **Graph Translation:**

- Drejtor i Pergjithshem i PPA-se – General Director of PPA
- Drejtor i Drejtorise Juridike te Monitorimit dhe Publikimit –Director of the Legal Directorate of Monitoring and Publication
- Drejtorie e Drejtorise se Teknologjise se Informacionit – Director of Information Technology Directorate
- Zyra e Drejtorit- Specialist Burimesh Njeresozre – Specialist Finance – Director's Office – HR Specialist, Finance Specialist

## **2. ASSISTANCE PROVIDED BY INTERNATIONAL PROJECTS**

In 2010, the Public Procurement Agency was awarded the Twinning Project "Support for strengthening the public procurement, concessions and tenders system in Albania" under IPA Program 2008. The purpose of this project is to assist in the achievement of European Union benchmarks, as required in the Stabilization and Association Agreement

concerning the aforementioned fields. The application of the project started in November 2010 and it will last until January 2012. In this frame, it is worth mentioning that the main benefits and achievements of this project are expected over 2011.

The project consists of three main components, and more specifically, they are as follows:

- I. Institutional and legal reform.
- II. Building of administrative capacities in the area of procurement, concession and public auction.
- III. Raising awareness of contracting authorities, of the business and of the larger public about the procurement, concession and public auction process.

During 2010, Public Procurement Agency has received assistance also from the World Bank concerning the evaluation of the e-procurement system and providing of recommendations in regard to its further enhancement. Implementation of this project will continue also during 2011.

The Public Procurement Agency received another foreign assistance over 2010 in the frame of most recent changes in the field of utility sectors procurement. In this context, the Public Procurement Agency is being assisted by the Project “On the support of the Public Procurement Reform in utilities sector”. The European Bank for Reconstruction and Development is funding this project and it will last 6 months. The main outcomes of this project will be received over 2011.

### **3. PUBLIC PROCUREMENT AGENCY LEGAL INCENTIVES IN 2010**

#### **3.1. Legislative amendments**

Due to new changes as introduced by Law No. 10170 of October 20, 2006 “On some amendments to Law No. 9643 of November 2006 “On public procurement”, as amended, and in order to improve secondary legislation, the Public Procurement Agency drafted a set of amendments to the rules of public procurement. These amendments were approved by the Council of Ministers upon its Decision No. 398 of May 26 2010.

Pursuant to these amendments, the Public Procurement Agency drafted and approved on July 19, 2010 Standard Tender Documents where the amendments to the public procurement rules were reflected.

Among the major changes in 2010 we may also mention the amendments made to the Public Procurement Law by the Council of Ministers Normative Act No. 3 of July 08, 2010 “On some amendments to Law No. 9643 of November 20, 2006 “On public procurement”, as amended, which entered into force immediately.

This normative act was adopted by the Parliament of the Republic of Albania upon Law No. 10309 of July 22, 2010 “on the adoption, with the effect of a law, of Normative Act No. 3 of July 08, 2010 “On some amendments to Law No. 9643 of November 20, 2006 “On public procurement”, as amended.

Amendments that have been made in this direction are mostly related to the legal duties of the Public Procurement Agency in this field. Specifically, the competence of the Public Procurement Agency concerning monitoring of reports, which the contracting authorities submit, at least once in 4 months, has already changed. It already consists in the monitoring of the progress of the public procurement system based on the information as received through the regular reports of the contracting authorities and the central procurement body or the institution of procurement advocate. These amendments also define the obligation to endorse monitoring procedures upon the Decision of the Council of Ministers. Meanwhile, referring to the aforementioned, the legal duties of Public Procurement Agency in regard to monitoring the implementation of the public procurement procedures, as well as, conducting inspections every 6 months in the procurement procedures, as pursued by the central procurement body, have been repealed upon the aforementioned normative act.

Additionally, this normative act repealed also the provisions of the public procurement Law 9643/2006 (Articles 65 and 66), concerning the administrative investigation procedure and legal actions following the completion of the investigation by

the Public Procurement Agency. Law No. 9663 of December 18, 2006 “On concessions”, as amended, became subject to amendments in 2010. This Law was amended upon the Normative Act of the Council of Ministers No. 1 of May 05, 2010 “On some amendments and additions to the Law “On concessions”. This Normative Act, with the effect of a law, was adopted by the Parliament of the Republic of Albania upon Law No. 10281 of May 20, 2010 “On the adoption of Normative Act, with the effect of a Law. No. 1 of May 05, 2010 “On some amendments and additions to the Law “On concessions”. Under these amendments, a set of competences in the field of concessions were transferred to the Public Procurement Agency and Public Procurement Commission. In more specific terms, the monitoring functions have been transferred to the Public Procurement Agency and those of complaints review to the Public Procurement Commission.

The latest amendment in 2010 was made to Law No. 9874 of February 14, 2008 “On public auction”, which was amended upon Law No. 346 of November 04, 2010 “On some amendments and additions to Law No. 9874 of February 14, 2008 “On public auction”. The main amendment of this law has to do with the transfer of the competence of complaints review in the auction procedures from the Public Procurement Agency to the Public Procurement Commission.

### **3.2 Public Procurement Agency Incentives concerning secondary legislation**

To provide as much support as possible to the parties in the public procurement process via electronic means (contracting authorities and economic operators), the Public Procurement Agency drafted detailed instructions in January 2010 including the following:

- ☞ *Instruction on the preparation and evaluation of tender file with electronic means (procedure without lots and with lots);*
- ☞ *Instruction on the audit role;*
- ☞ *Instruction on the role of the contacting authority administrator;*
- ☞ *Instruction No. 02 of May 17, 2010 “On the documents*

*modification and postponing of the deadline in the e-procurement system”;*

☛ *Instruction No. 03 of June 01, 2010, “On the contract notice, contract award notice and notice about the signed contract in the e-procurement system”.*

Moreover, pursuant to the Decision of the Council of Ministers No. 53 of January 21, 2009 “On designating the Ministry of Interior to carry out public procurement procedures on the behalf and to the account of the Prime Minister’s Office, ministries and subsidiary institutions for a set of goods and services”, the Public Procurement Agency drafted and approved Instruction No. 1 of April 15, 2010 “On the public procurement procedures for a set of goods and services to be procured on the behalf and to the account of the Prime Minister’s Office, ministries and subsidiary institutions by the central procurement body, the Ministry of Interior”.

In conclusion, in order to assist all parties, the Public Procurement Agency has drafted and adopted Instruction No. 4 of December 16, 2010 “On the rights and responsibilities of contracting authorities and other regulating institutions in the field of public procurement including the Public Procurement Agency, Public Procurement Commission and the Procurement Advocate”.

#### **4. CHALLENGES AND MAIN ACHIEVEMENTS OF THE PUBLIC PROCUREMENT AGENCY IN 2010**

To successfully accomplish legal duties in support of the public procurement system in Albania, in 2010 the Public Procurement Agency has coped with different challenges, which have demanded its full commitment. The application of electronic procurement system in each procurement procedure conducted by all contracting authorities in Albania was one of the most significant challenges. This additionally led to the enhancement of the transparency level in the public procurement process. One of the achievements of this year in the field of public procurement in general, and in the field of e-procurement in particular, was the awarding of the second prize in the world by the United Nations for public services



under the category “Improvement of transparency, accountability and readiness in public service”<sup>1</sup>. Facilitation provided by the application of e-procurement system and the benefits received from it were considered by this prize as a great contribution to the improvement of public administration in Albania.

## **5. COOPERATION OF THE PUBLIC PROCUREMENT AGENCY WITH ITS DOMESTIC AND FOREIGN COUNTERPARTS IN EU MEMBER STATES AND OTHER INTERNATIONAL INSTITUTIONS**

### **5.1. Cooperation of the Public Procurement Agency with its counterparts in the countries of the region and EU**

In 2010, the Public Procurement Agency had a very good cooperation with its international counterparts. In this frame, representatives of the Public Procurement Agency participated in several international meetings, they have carried out visits to several countries of the region and of the European Union, as well as, they have received delegations with representatives of these countries.

The Public Procurement Agency has had very important cooperation with the Delegation of the European Commission in Albania. This cooperation consisted in several directions of procurement field where one of the main directions included the joint work to start implementing the Twining Project that the Public Procurement Agency was awarded from IPA 2008 funds.

The Public Procurement Agency had another very important cooperation in 2009 with SIGMA (Support for Improvement in Governance and Management in the Central and Eastern Europe), a joint initiative of the OECD and the EU, principally financed by the EU. SIGMA representatives have intensively worked on drafting amendments to secondary legislation by

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<sup>1</sup> <https://www.app.gov.al>



mainly focusing on the procurement rules in utility sectors and framework agreement. The Public Procurement Agency has had a very good cooperation with SIGMA in relation to conducting an evaluation of the overall public procurement system and of the legislation and rules in other fields, which affect the procurement process (such as, for example, regulation of public finances, auditing, etc.).

Another important cooperation that Public Procurement Agency had in 2010 was that with UNDP, which, upon the request of international donors operating in Albania, funded a procurement system evaluation, which was concluded with a report. The report described the achievements and the needs for improvement, as well as, it provided the relevant recommendations. The purpose of this initiative was to make an evaluation of the procurement system in the frame of meeting the obligations deriving from Paris Declaration, under which donors must apply the procurement system of the country, in which they operate.

The European bank for Reconstruction and Development (EBRD) has been another organization, with which Public Procurement Agency has had a very good cooperation in 2010. This cooperation included also an evolution of the review system of public procurement in countries in transition, in which the Albanian procurement system is additionally included<sup>2</sup>.

The Public Procurement Agency has cooperated also with the American Chamber of Commerce, which during February-March 2010, with the support of the Millennium Challenge Cooperation Threshold Program for Albania II, carried out a study<sup>3</sup> of the e-procurement system in Albania. The study focused on the access to the e-procurement system, of the public officials at local and central level and of the businesses, which participate in public tenders, as well as, the

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<sup>2</sup> [www.ebrd.com/lawintransition](http://www.ebrd.com/lawintransition)

<sup>3</sup> [www.amcham.com.al](http://www.amcham.com.al); <https://www.app.gov.al>;

impartiality, easiness to use, transparency and efficiency of the system. Findings and recommendations of this study comprise a consideration and help for further improvement of the e-procurement system.

## **5.2. Cooperation of the Public Procurement Agency with other institutions in Albania**

In 2010, the Public Procurement Agency had a close cooperation with the central and local government institutions inside the country. The Public Procurement Agency continued to have a close and intensive cooperation in 2010 with the Ministry of Integration. The Public Procurement Agency has periodically reported to the Ministry of Integration about the progress it has made with regard to the fulfillment of commitments, which were made upon signing of the Stabilization and Association Agreement concerning public procurement field. Frequent meetings, the goal of which was to consult with specialists to achieve the objectives in the area of integration, were organized with this ministry. Cooperation with this ministry intensified over the first half of 2010 when the Questionnaire sent by the European Union was prepared. Given that this Questionnaire contained a special chapter about public procurement, involvement of the Public Procurement Agency and cooperation with the Ministry of Integration was at its highest levels.

### **5.2.1. Cooperation with the Public Procurement Commission and Procurement Advocate**

In the frame of performing its legal duties, in 2010, the Public Procurement Agency cooperated with the institution of Public Procurement Commission, which was established in April of this year. In the beginning, when this institution started its functioning, the Public Procurement Agency, in compliance with the legal provisions in force, transferred to the Public Procurement Commission for review all the files of complaints, which had been filed with the Public Procurement Agency and, which were still under review process. Later on, after the transition period was over, the Public Procurement Agency

informed the Public Procurement Commission, according to the public procurement legislation provisions, about cases of procurement procedures suspension so that the decision could be reflected in the e-procurement system to avoid further procedures by the contracting authorities. Additionally, this cooperation is evident also in the case of posting in the e-procurement system of the decisions made by the Public Procurement Commission when completing complaints review. In the frame of interinstitutional cooperation and, of its regulatory role in the area of public procurement, the Public Procurement Agency had taken preliminary measures (even when the Public Procurement Commission had not started functioning yet) to include this institution in the focus of assistance as provided by several international organizations such as SIGMA, EBRD and the Twinning Project as mentioned above in this analysis. In 2010, the Public Procurement Agency continued its cooperation with the Procurement Advocate. Despite the aforementioned legal amendments in relation to the administrative review of complaints in procurement, the institutional relationships between the Public Procurement Agency and the Procurement Advocate did not change. Under the legal provisions in force, the latter continues to inform the Public Procurement Agency about all initiated administrative reviews and the relevant decisions and recommendations.

Nevertheless, commending the cooperation mood, we emphasize that that some of the recommendations provided by the Procurements Advocate in 2010 exceed its competences and, in a number of cases, these recommendations are in excess of the competences that the law has provided for the Public Procurement Agency. So, for example, the legislation defines the Public Procurement Agency as the competent institution to take administrative measures against liable persons who have committed infringements of legal and sub-legal provisions of public procurement, and all competent auditing institutions, including here also the State Supreme Audit, send their final auditing reports to the Public Procurement Agency. Meanwhile, the most recent practice has indicated that the Procurement Advocate, in the end of the

administrative investigation of a procedure, has directly addressed the Contracting Authorities in regard to taking administrative measures, although this is not a competence set out in Law, something which may lead to Contracting authorities' failure to take them into consideration. Concerning these issues, the Public Procurement Agency has had a permanent communication with the Procurement Advocate, although a review and a recommendation about the institutional framework in procurement field will be one of the outputs of the Twining Project, which is actually providing assistance in this field.

## **6. INDICATORS OF THE ACTIVITY OF THE DIRECTORATES AND SECTORS OF THE PUBLIC PROCUREMENT AGENCY DURING 2010**

### **6.1. Indicators of the activity of the Legal Directorate of Monitoring and Publication**

Up to April 2010, the Directorate was called the Procurement Complaints and Legal Assistance Directorate. Its activity during this time was focused on providing opinions, advices and instructions in support of contracting authorities, and in support of reviewing of economic operators' complaints, therefore concluding in the corresponding decision-making on the procurement or auction specific procedures, against which the complaints have been filed, providing of feedback on various draft decisions, and instructions about practice unification, reviewing of the proposals of the contracting authorities concerning exclusion of different undertakings from public procurement, auctions, etc.

Upon the Public Procurement Agency restructuring, the Directorate is named the Legal Directorate of Monitoring and Publication, while one of the main changes is revocation of the complaints administrative review competency, which is a competence already transferred to the Public Procurement Commission.

During 2010 and, particularly after the first quarter of the year, the Legal Directorate of Monitoring and Publication focused its activity on the main following directions:

### **6.1.1. Legislative amendments**

The Legal Directorate of Monitoring and Publication, in 2010, provided a very important contribution with respect to the improvement of secondary legislation of public procurement and issuing of a set of instructions in support of contracting authorities and economic operators. In this frame, the directorate, in 2010, has played the main role in drafting the decisions and instructions in the procurement field.

### **6.1.2. Administrative review of complaints up to April 2010**

One of the key functions of this Directorate up to April 2010 was the administrative review of complaints as submitted by the economic operators, which have had an interest or, which have bid in procurement procedures, which were conducted by different contracting authorities.

A number of problems, which are related to the law implementation approach by the contracting authorities, were observed when applying the Electronic Procurement System (EPS).

**More specifically, 46 complaints were filed against procurement procedures up to April 2010, of which:**

- **24 complaints** were **invalid**, as they had failed to respect complaints instances, and/or they had failed to comply with the standard form when submitted, or there **were legally ungrounded**.
- **4 procurement procedures** were subject to decisions to **modify** tender documents.
- **6 procurement procedures** were subject to **procedure cancellation decisions**,
- **For 12 procurement procedures** the administrative investigation was dismissed and the procurement procedure **was authorized to continue**.

After the establishment of the Public Procurement Commission, as the highest decision-making institution in terms of complaints review and, regardless of the issuance of instructions by the Public Procurement Agency and their

publishing in internet, economic operators kept filing complaints with the Public Procurement Agency. More specifically, there were **92** cases when economic operators, which filed their complaints with the Public Procurement Agency, were provided with the necessary information and instructions.

**In April, the right of reviewing the complaints of economic operators was transferred to the Public Procurement Commission. For this reason, about 65 practices under reviewing process by the Public Procurement Agency were transferred to the Public Procurement Commission.**

### **6.1.3. Practices reviewed to provide opinions, advices or instructions**

During this year, the Legal Directorate of Monitoring and Publication has work on carrying the duties, which are laid down in Law No. 9643 of November 20, 2006 “On public Procurement”, as amended. In this frame, the Legal Directorate of Monitoring and Publication reviewed a considerable number of practices, which had to do with provision of opinions, advices or instructions in support of contracting authorities and, in support of reviewing the complaints of economic operators. This concluded in the relevant decision-making on the specific procurement and concessions procedures, against which these complaints were filed (up to May) and auctions (up to December). In addition, this included providing of opinions about various draft decisions, and instructions about practice unification, about reviewing of the proposals of the contracting authorities concerning exclusion of different undertakings from public procurement, concessions or auctions, etc.

The assistance of this directorate has mostly focused on the due implementation of the procurement rules, and on legal counseling for issues encountered when carrying out public procurement procedures via Electronic Procurement System.

During August and beyond, this directorate addressed a considerable number of requests for explanation and opinion presented by the contracting authorities. These requests have

consisted mainly in the approach of how to proceed with the procurement procedures with budgetary funds. These procedures started in this month, under the circumstances when all budgetary funds, which had failed to be procured by August 01, were blocked under the Decision of the Council of Ministers No. 591 of July 23, 2010 “***On regulating the use of budgetary funds***”.

After October, requests for clarification have consisted also in the approach of how to proceed with the with the procurement procedures with budgetary funds, which started in this month, under the circumstances when the Public Procurement Rules define October 31<sup>st</sup> as the final deadline (including also contracts signing).

More specifically, in 2010, there were a total number of **245** practices presented to this Directorate for opinion, clarification or information from different institutions.

Additionally, during this year this directorate provided opinions also about various drafts decisions as initiated by other institutions, which had forwarded them to the Public Procurement Commission for opinion. In 2010, this directorate provided opinions for **21** different draft decisions.

#### **6.1.4. Fines and disciplinary measures**

One of the main competences of this Directorate in 2010 was also consideration of recommendations of auditing institutions with respect to taking measures in cases of violations observed in different procurement procures. In conclusion of administrative investigations, based on the reports sent by the State Supreme Audit, auditing institutions of the country or, by the Procurements Advocate, this Directorate imposed fines in addition to recommending punishing measures against liable persons as follows:

Disciplinary measures: 28 cases; fines: 14 cases; reprimands: 2 cases;

#### **6.1.5. Review of proposals concerning exclusion of economic operators.**



Another legal Public Procurement Agency competence, which this Directorate exercised through in 2010, was the reviewing of contracting authorities' proposals concerning exclusion of economic operators from the right of bidding in procurement procedures for a specified time. More concretely, **18** proposals were reviewed in 2010 concerning exclusion of economic operators, of which **5** (five) economic operators were excluded in the end of administrative proceeding from participating in procurement. They are as follows:

**“Brici” sh.p.k, Tirane** – excluded for 1 (one) year (January 01, 2010-January 21, 2011) from public procurement; **“Klame” sh.p.k Tirane** – excluded for 3 (three) years (April 12. 2010 – April 12, 2013) from public procurement; **“Albana” sh.p.k Elbasan** - excluded for 2 (two) years (July 23, 2010 – July 23, 2012) from public procurement; **“Tea D” sh.p.k Gjirokaster** - excluded for 1 (one) year (December 23, 2010 - December 23, 2011) from public procurement; **“Teacher & Pupils” sh.p.k Lezhe** - excluded for 2 (two) years (December 28, 2010 - December 28, 2012) from public procurement.

- **9** economic operators were not excluded from public procurements, because the documentation of contracting authorities with respect to excluding these companies from public procurement was deemed inadequate, or the claims, which were included in the proposal for exclusion, were not confirmed;

- Administrative proceeding has started for **4** economic operators and it is still in progress.

#### **6.1.6. Reviewing of public auction complaints**

One of the duties, with which Law No. 9874 of February 14, 2008 “On public auction” assigns the Public Procurement Agency, was the administrative reviewing of public auctions complaints. The Legal, Monitoring and Publication Directorate, in 2001, received up to December a number of complaints, **4 cases** of which were not subject of the Public Procurement Agency activity **and 3 cases were invalid.**

**Upon entering into force of Law No. 10346 of November 04, 2010 “On some additions and amendments to Law No.**

**9874 of February 14, 2008 “On public auction”), the right of reviewing the complaints of entities against public auction procedures were transferred to the Public Procurement Commission (42/1). Based on this, the Directorate was involved in a review process of 7 practices, which were transferred to the authority of this institution.**

## **7. PUBLICATION OF PUBLIC NOTIFICATIONS BULLETIN**

Publishing of contract notices about announced procurement procedures, winner award announcements, signed contracts announcements, notifications of procurement procedures notifications, as well as, other notifications were published in the Public Notification Bulletin, where the public administration notices, as well as, concession and auction announcements occupied the main place. During 2010, the Public Procurement Agency has published a total of **53** Public Notification Bulletins, which make up about **13, 403** pages or, **253** pages per Bulletin. Only 20 Bulletins were published in hard copy (up to May 24, 2010). After May 24, 2010 and beyond, **the Public Notification Bulletin is published only in internet**, because Decision of the Council of Ministers No. 398 of May 26, 2010 “On some additions and amendments to the Decision of the Council of Ministers No. 1 of January 10, 2007 “On the public procurement rules”, cancelled the obligation to publishing the Public Notification Bulletin in hard copy.

## 7.1. Statistics about the number of public procurement procedures notifications as announced in 2010

Total number of procurement procedures contracts notices published in 2010 by type of contracts, service, commodity or work, in the official website of Public Procurement Agency is **4489**, of which:

### Contracts Notices in 2010

Services		Goods		Works	
Type of Procedure	Number of contract s notices	Type of procedure	Number of contract s notices	Type of procedure	Number of contract s notices
Consultancy services and design competition	133	Consultancy services and design competition		Consultancy services and design competition	
Negotiated procedure with preliminary announcement	2	Negotiated procedure with preliminary announcement	3	Negotiated procedure with preliminary announcement	
International - open	4	International - open	4	International - open	1
Open procedure	366	Open procedure	773	Open procedure	571
Call for proposal	539	Call for proposal	1403	Call for proposal	684
Selective procedure	3	Selective procedure	2	Selective procedure	
International - selective		International - selective		International - selective	1
<b>TOTAL</b>	<b>1047</b>	<b>TOTAL</b>	<b>2185</b>	<b>TOTAL</b>	<b>1257</b>

Number of published winner announcements is **3244**, of which:

## Winner Announcements in 2010

Services		Goods		Works	
Type of Procedure	Number of winner announcements	Type of procedure	Number of winner announcements	Type of procedure	Number of winner announcements
International - open	3	International - open	1	International - open	1
Open procedure	414	Open procedure	1020	Open procedure	299
Call for proposal	497	Call for proposal	600	Call for proposal	340
Consultancy services and design competition	69	Consultancy services and design competition		Consultancy services and design competition	
<b>TOTAL</b>	<b>983</b>	<b>TOTAL</b>	<b>1621</b>	<b>TOTAL</b>	<b>640</b>

Total number of published signed contracts notifications is **2496**, of which:

### Notifications of contracts signed in 2010

Services		Goods		Works	
Type of Procedure	Number of notifications for signed contracts	Type of procedure	Number of notifications for signed contracts	Type of procedure	Number of notifications for signed contracts
International - open	2	International - open	2	International - open	1
Open procedure	133	Open procedure	548	Open procedure	354
Call for proposal	242	Call for proposal	742	Call for proposal	407
Consultancy services and design competition	65	Consultancy services and design competition		Consultancy services and design competition	
<b>TOTAL</b>	<b>442</b>	<b>TOTAL</b>	<b>1292</b>	<b>TOTAL</b>	<b>762</b>

In addition, during this year 1960 signed contracts of negotiated procedure without publication of the contract notice were published.

In a table form, data about the number of public procurement procedures in 2010, and the corresponding budgets are as follows:

**Total number of announced procedures divided by type of procedure for the time period of 03 January – 31 December 2010**

<b>Total number of announced procedures</b>	<b>6449</b>
<b>Total budgeted for announced procedures</b>	<b>73,829,087,560</b>
Number of consultancy services	133
Consultancy service budget	1,597,494,414
Number of negotiated procedures with announcement	5
Budget for negotiated procedures with announcement	10031333
Number of internationally open procedures	9
Budget for internationally open procedures	9,530,592,018
Number of locally open procedures	1,710
Locally open procedures budget	35,387,334,782
Number of call for proposal procedures	2,626
Budget for call for proposal procedures	6,003,098,429
Number of internationally selective procedures	1
Budget for internationally selective procedures	15,416,979,585
Number of locally selective procedures	5
Budget for locally selective procedures	133,318,416
Number of negotiated procedures without announcement	1,960
Budget for negotiated procedures without announcement	5,750,238,583

In a table form, the data on the number of public procurement procedures, the corresponding budget, number of procedures

as awarded based on the budget and the relevant offered fund, as well as, data, on the saving in percentage, which were conducted through the electronic system in 2010 are as follows:

**Procurement procedures conducted in the electronic system – January 01, 2010 – December 31, 2010.**

Total number of announced procedures	4489
Total budget of announced procedures	68,078,848,977
Total number of announced and ongoing procedures	3349
Total budget of number of announced and ongoing procedures	57,814,525,123
Total number of announced but cancelled procedures	1140
Total budget of announced but cancelled procedures	10,264,323,854
Total number of awarded procedures	3244
Total procured budget	26,226,331,738
Total offered fund	23,098,893,184
% taken up by the offered fund against the procured budget	88%
Total saved fund	3,127,438,554
% taken up by the saved fund against the procured budget	12%

The data on public procurement and the negotiated procedures without preliminary publishing of the notice, as well as, the ratios in % and the saved fund in 2010, are provided in a table forms as follows:

**Electronic procurements and Negotiated Procedures without preliminary notice publication for the period 01 January – 31 December 2010**

Total number of announced procedures	6449
Budget of announced procedures	73,829,087,560
Total number of electronically awarded procedures	3244
Total budget procured for electronic procedures	26,226,331,738
Total fund offered for electronic procedures	23,098,893,184
Total number of awarded negotiated procedures without announcement	1960
Total budget procured for negotiated procedures without announcement	5,750,238,583
Total fund offered for negotiated procedures without announcement	5,640,202,135
% taken up by the number of awarded negotiated procedures without announcement against the total number of awarded procedures	37.6%
% taken up by the budget of negotiated procedures without announcement against the budget (electronic + negotiated without announcement) of awarded procedures	17.9%
% taken up by the offered fund of negotiated procedures without announcement against the total fund (electronic + negotiated without announcement) of awarded procedures	19.6%
Total number of awarded procedures (electronic + negotiated without announcement)	5,204
Total procured budget ( electronic + negotiated without announcement)	31,976,570,321
Total offered budget ( electronic + negotiated without announcement)	28,739,095,319
% taken up by the offered fund against the procured budget	90%
Total saved fund	3,237,475,002
% taken up by the saved fund against the procured budget	10%



The electronic procurement procedures, which were conducted and completed by resulting in winners awarding in the system during 201, are as follows:

**Data on electronic procurement procedures as conducted and completed by resulting in awarding winners in the system during 2010**

Type of procedures	Total number of procedures	Total procured budget	Total offered budget (bid)	% of offered budget vs. procured budget	Total saved fund	% of saved budget vs. procured budget
Open procedures (national + international) (winner announcement)	5	2,894,977,607	2,692,396,412	93%	202,581,195	7%
Open procedure (winner announcement)	1733	19,328,225,699	16,998,237,390	89%	2,329,988,310	11%
Call for proposal procedure (winner announcement)	1437	3,144,050,550	2,719,477,426	86.50%	424,573,124	13.50%
Consultancy services and design competition (winner announcement)	69	859,077,881	688,781,956	80%	170,295,925	20%
<b>Total</b>	<b>3244</b>	<b>26,226,331,738</b>	<b>23,098,893,184</b>	<b>88%</b>	<b>3,127,438,554</b>	<b>12%</b>

**8. INDICATORS OF THE ACTIVITY OF THE DIRECTORATE OF COMPLAINTS AND LEGAL ASSISTANCE FOR CONCESSIONS UP TO APRIL 2010**

Directorate of Complaints and Legal Assistance for Concessions worked until 2010 in compliance with the goals as laid down in Article 6 of Law No. 9663 of December 18, 2006 'On concessions', as amended, to supervise the implementation of the concessionary procedures. This Directorate was dissolved after the institution was reconstructed upon the Decision of the Council of Ministers No. 257 of April 23, 2010, as well as, upon Prime Minister's Order No. 89 of May 10, 2007 "On the adoption of the

structure and organization chart of the Public Procurement Agency”, as amended.

During the first quarter of the year, this directorate focused its work essentially on the administrative review of economic operators’ complaints.

During the administrative review of the complaints filed with the Public Procurement Agency, it came out that various operators had filed also complaints, which were not legally grounded or, which were not filed in accordance with the defined deadlines. More specifically, in three cases, this directorate did not cancel the procedures as provided for in Article 25/4/a of the Law on concessions.

Following the administrative investigation and, given that the Directorate for Complaints and Legal Assistance for Concessions observed a number of irregularities as committed by the Contracting Authorities, it decided to send 3 cases to Bids Evaluation Commission for a fairer and less biased and more transparent judgment.

Later on, the competence of reviewing the auction complaints was transferred to the Public Procurement Commission upon the adoption of Law No. 10281 of May 20, 2010 “On the adoption of Normative Act, with the effect of a Law. No. 1 of May 05, 2010 “On some amendments and additions to the Law “On concessions”.

**For these reasons, the Public Procurement Agency transferred to the Public Procurement Commission the administrative investigations that it had initiated for 3 concessionary procedures.**

## **9. INDICATORS OF THE INSPECTION SECTOR ACTIVITY UP TO MAY 2010**

Under Law No. 9643 of 20 November 2006 “On public procurement”, as amended, and on the Decision of the Council of Ministers No. 1 of 10 January 2007 “On the adoption of the

public procurement rules”, the Public Procurement Agency had the authority, up to May 2010, to verify implementation of the procurement procedures. This was in compliance with the provisions set out in the Law, and based on that, it conducted inspections of the contracting authorities to check the procurement procedures performed by them and/or ask the contracting authorities to deliver all the relevant information about the procurement procedures, subject to inspection. Additionally, another important task of this sector included also reviewing of recommendations provided by the State Supreme Audit and internal audits of different institutions in regard to infringements, which were observed in procurement procedures. After completing the review of these reports, the Sector at issue, based on the public procurement legislation in force, came up with specific proposals about the recommended measures. With the institutional and structural changes as mentioned above in this analysis, this Sector was dissolved and a part of its competences were transferred to the Legal Directorate of Monitoring and Publication.

## **10. INDICATORS OF THE INFORMATION TECHNOLOGY DIRECTORATE**

In 2010, the Public Procurement Agency made significant improvements in the area of Information and Communication Technology in the Public Procurement System in compliance with the Intersectorial Strategy of the Information Society in Albania. The main tasks of the Information Technology Directorate were as follows:

- Continuous improvement of the Information Technology infrastructure by providing good working conditions for all online users of the Electronic Procurement System, as well as, for the in-house staff of the Public Procurement Agency.
- Increasing of hardware capacities, especially in the Electronic Procurement System by providing all users with a stable and safe working environment.
- Continuous improvement of Electronic Procurement System security.
- Studies about the development of system functionalities

to improve areas, in which obstacles occurred inside the database and, which led to work delays for the users of Electronic Procurement System.

- Continuous monitoring of the Electronic Procurement System database.

- Improvement of the steps that are followed in the electronic procurement procedures by bringing the latter closer to the legislation in force.

- Cooperation with the Information Technology Directorate in the Council of Ministers about the reconfiguration of the Black Box in the Council of Ministers premises.

- Regular cooperation with the National Agency of the Information Society concerning infrastructure improvement and capacity building. This cooperation has been successful in terms of providing security for the Electronic Procurement System

- Increasing of hardware capacities for the server, which saves backups in the premises of the National Agency of the Information Society in conformity with the database size, in order to enhance the safety of these data.

- Detailed studies concerning the separation of the archive from the operational database and optimization of the latter.

- Making investments in the physical area of the servers' room and purchasing of different equipments such as cameras, armored door, room alert, etc., to boost security.

- Technical assistance that is provided to all domestic and foreign economic operators, as well as, to all contracting authorities, which use the Electronic Procurement System, via e-mails, telephone, or consultations in the premises of the Public Procurement Agency is a daily task for this Directorate.

- Improvement of the Public Procurement Agency official website, which is enriched with updated information about the procurement process.

- Drafting of new manuals for all users of the Electronic Procurement System and for each role that they have in the procurement process, so that all the actions that they perform as well explained and detailed as possible.

➡ During 2010, the Information Technology Directorate started electronic archiving of procedures, which were conducted in 2008 and 2009. These procedures are saved in another “Archive” server in order to facilitate the operational database, to provide a higher quality service and to enhance the speed of finding the data and the efficiency of the electronic procedures in the public procurement system.

In 2010, the Information Technology Directorate cooperated also with “Procurement Intelligence Unit”, which is an organization located in UK and, which offers a classified source of providing a wide range of intelligence services and information tools for the procurement professionals of different corporations. This organization has drafted a very positive report on the application of the Electronic Procurement System in Albania<sup>4</sup>.

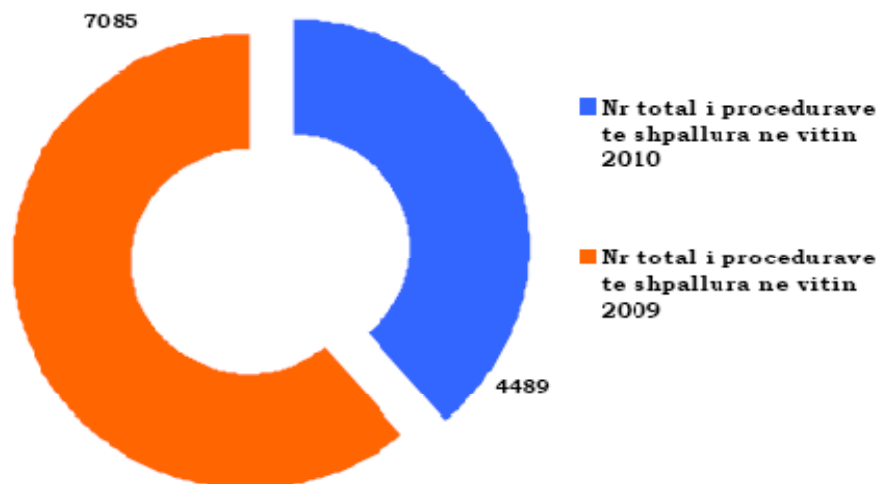
It is highly worth mentioning the fact that keeping the Electronic Procurement System online 24 hours during 7 days of the week, except for cases when there is a warning issued through a notification, is a huge challenge, with which the Information Technology Directorate is confronted.

### **10.1. Graphic presentation of public procurement procedures and of the number of bids and bidders:**

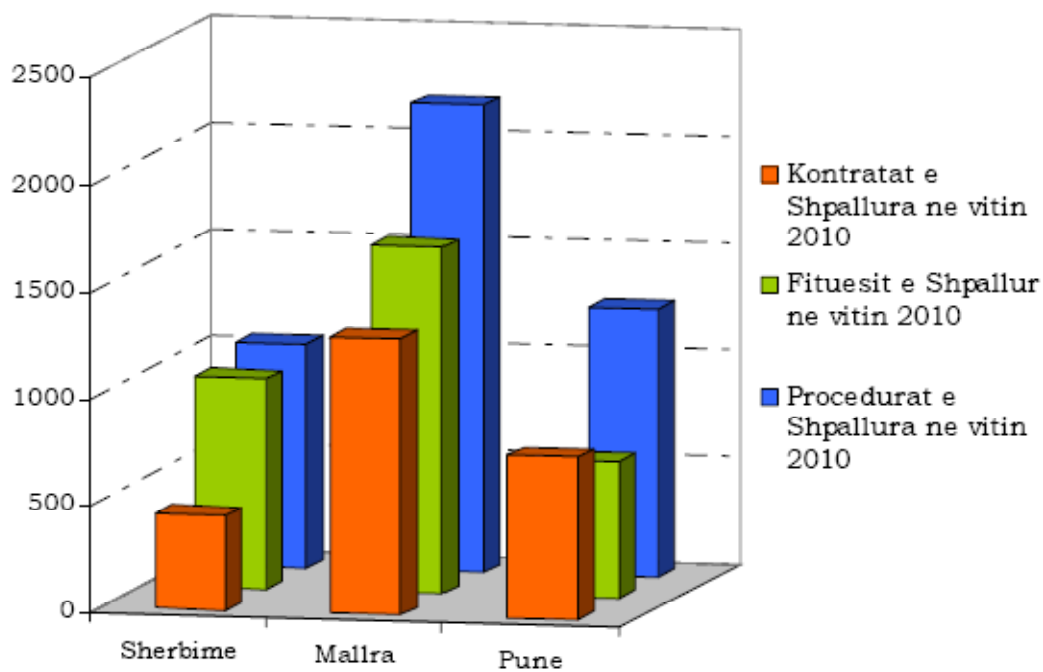
The graphs as provided hereunder present the procedures, which were published in the Public Procurement Agency website in 2010 as compared to 2009:

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<sup>4</sup> <http://www.procurement-iu.com/>



**Graph translation:** Numri total i procedurave te shpallura ne vitin 2010 - Total number of procedures announced in 2010  
 total i procedurave te shpallura ne vitin 2010 - Total number of procedures announced in 2010

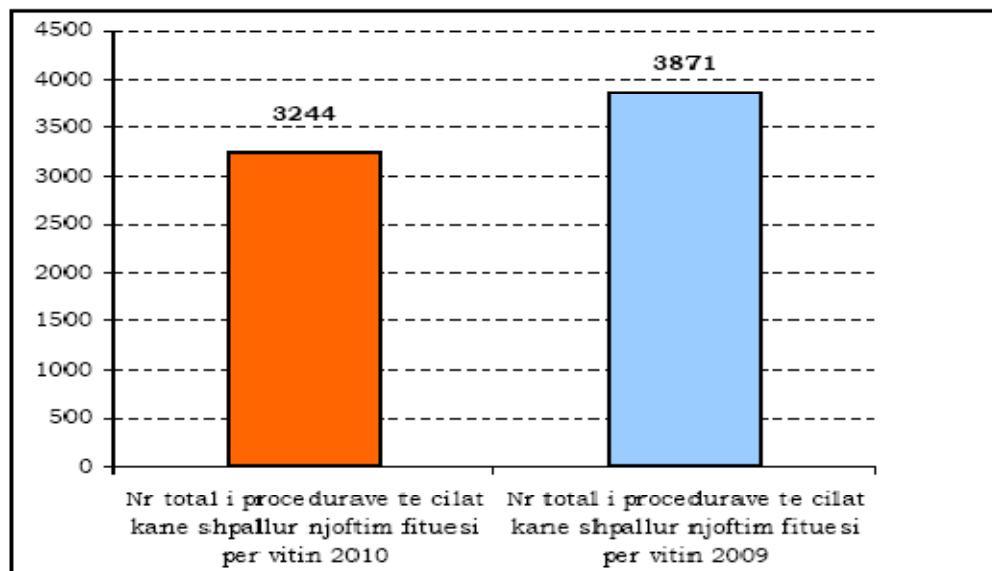


**Graph translation:**

- Kontratat e shpallura ne vitin 2010 - Contracts Announced in 2010
- Fituesi e shpallur ne vitin 2010 – winners awarded in 2010
- Procedurat e shpallura ne vitin 2010 – procedures announced in 201

The following graphs present the winner announcements as published in the Public Procurement Agency website in 2010

compared to 2009:

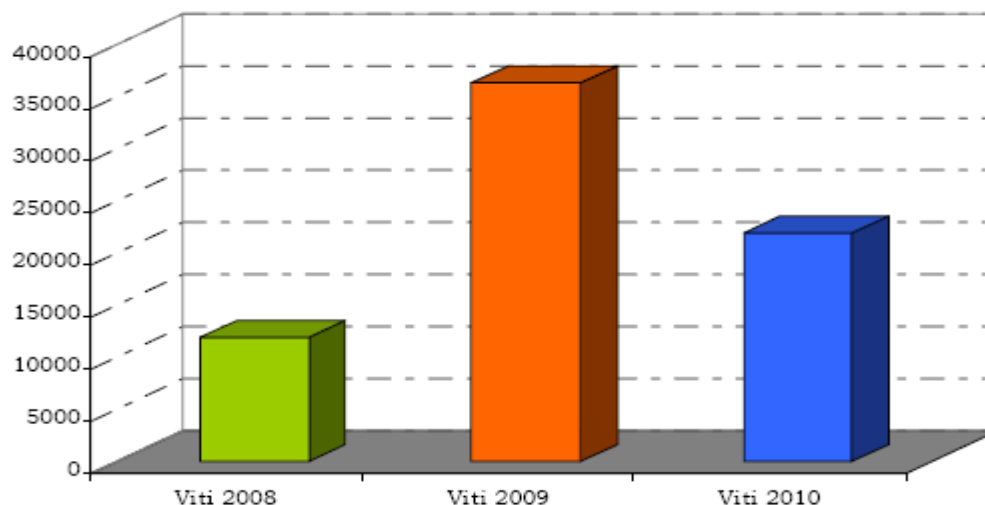


**Graph translation:**

- Nr total i procedurave te cilat kane shpalluar njoftin fituesi per vitin 2010 – Total number of procedures, which have published winner announcements for 2010
- Nr total i procedurave te cilat kane shpalluar njoftin fituesi per vitin 2009 - Total number of procedures, which have published winner announcements for 2009

Total number of bids in the Public Procurement Agency website in 2010 compared to 2009 was 21 796, of which 7 661 were bids, which were refused by the Contracting Authorizes. The average of bids per procedures in **2010 was 7 (seven) bids.**

**Total number of bids**





## **10.2. Improvements made to the electronic procurement system and accessing of the system by interested persons**

During 2010, the Information Technology sector made significant improvements to the procurement system.

During October 2009 - December 2009, the Public Procurement Agency organized training of Contracting Authorities in the frame of changes and improvements of the Electronic Procurement System that were expected to be applied by the beginning of 2010.

In this frame, in the beginning of 2010 the administration right (creation of users in different roles in the system) was transferred from the Public Procurement Agency to the Contracting Authorities, therefore making available to each Contracting Authority an account in the “Administrator” role or “CA-Admin”. The accounts of new members of the Procurement Unit, of the Commission of Opening and Evaluation of Bids and of the Complaints Review Commission and those of Auditing can be created by means of this user account. There is no need to send a letter with these users to the Public Procurement Agency to create their accounts.

In 2010, the Information Technology Directorate created **1329** administrator accounts, which were made available to the Contracting Authorities, and **2580** user accounts (members of the Procurement Unit, of the Commission of Opening and Evaluation of Bids and of the Complaints Review Commission and those of Auditing) were created out of these administrators for the Contracting Authorities in the system.

In addition, by means of this account the Contracting Authority may technically defer in the electronic procurement system the date of conducting the procurement procedure in the cases as laid down in the procurement laws and bylaws.

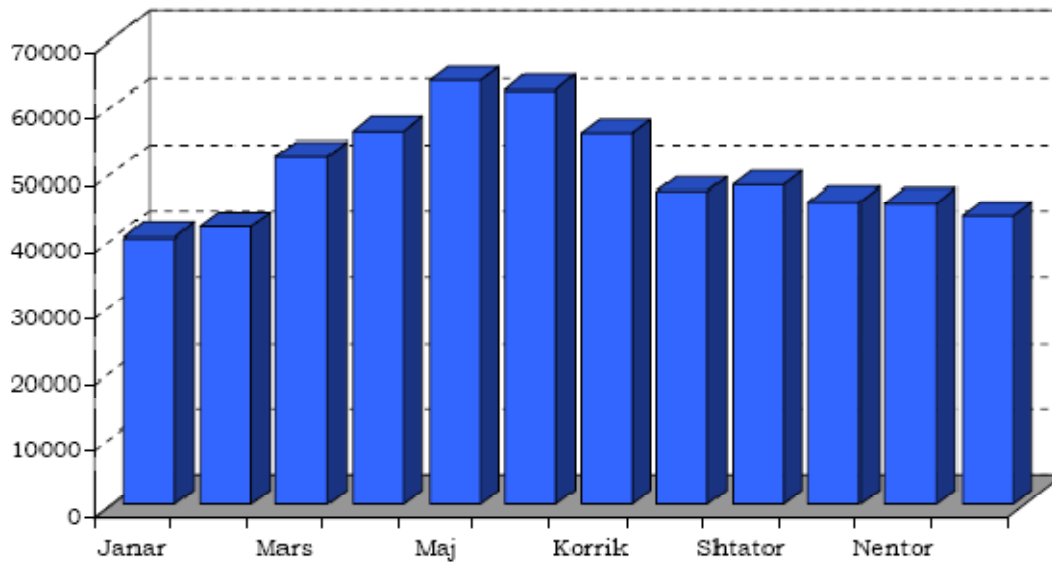
Another very important function of the System Administrator is that of designating in the system of the members of the Complaints Review Commission and those of Auditing who already have the possibility to electronically conduct the auditing of a specific procurement procedure. This added function of the electronic procurement system has facilitated the using of the system by the Contracting Authorities and it had led to avoiding of problems, which were generated by the delays of hard copy communication.

Permanent monitoring of the communication with the national Registration Center database has led to more control over the economic operators. In 2010, **336** new economic operators were registered, **114 of which are foreign economic operators**.

A set of general statistics about the use of the electronic procurement system in 2010 are provided below:

<b>General Statistics</b>	
Total number of clicks:	<b>137424534</b>
Average clicks per day:	<b>376506</b>
Average clicks per user:	476
Total users:	288592
Average users per day:	791
Total:	603230
Average sessions per day:	1653
Total time spent in the website by users:	8153 Days 22:21:31
Average time spent per user:	122:00:00

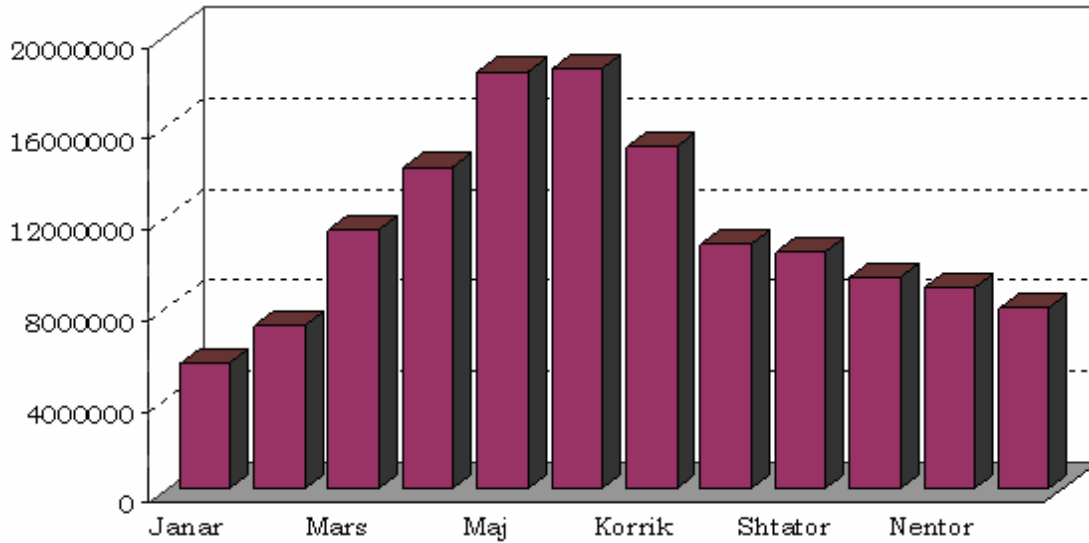
### Sessions per month



**Graph translation:**

Janar, Mars, Maj, Korrik, Shtator, Nentor – January, March, May, July, September, November

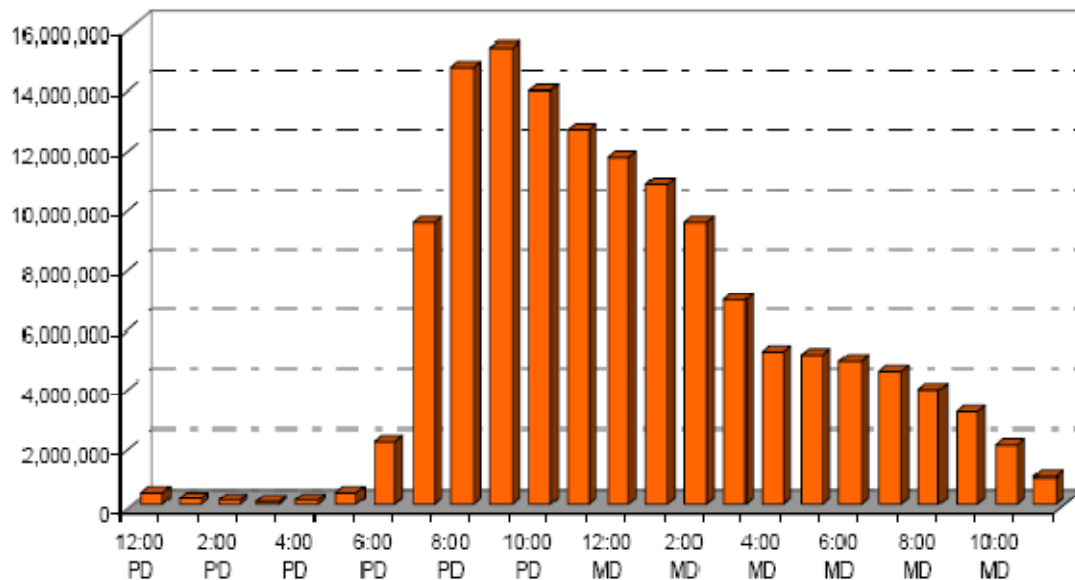
### Total number of clicks per month



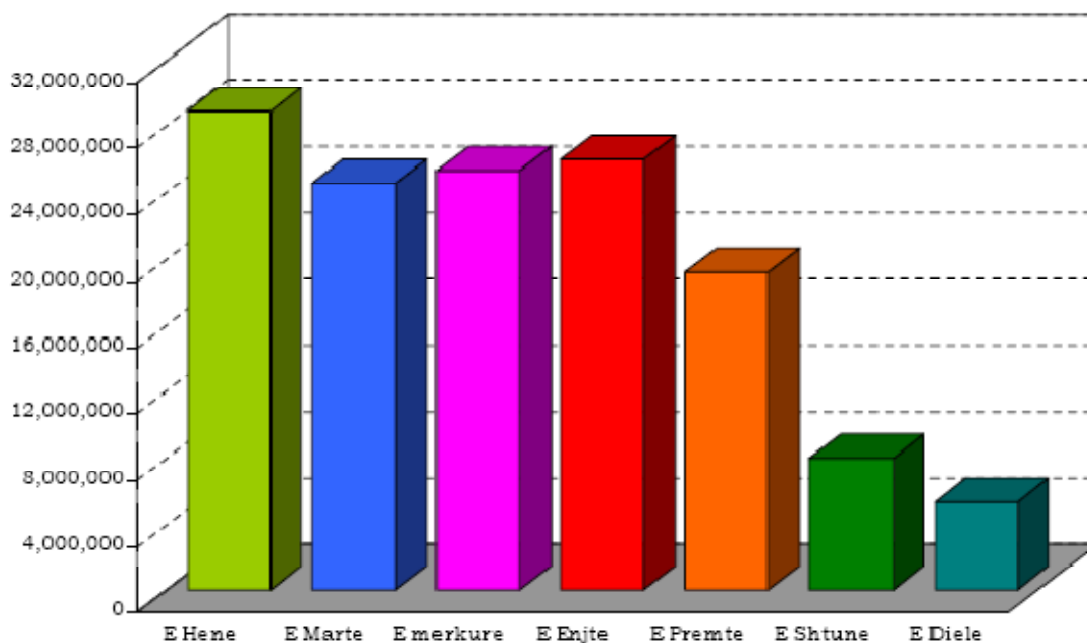
**Graph translation:**

Janar, Mars, Maj, Korrik, Shtator, Nentor – January, March, May, July, September, November

### Use by hours of the day



### Use by days of the week



**Graph translation:** E Hene, E Marte, E Merkure, E Enjte, E Premte, E Shtune, E Diele – Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, Sunday

Increasing the capacities has been one of the challenges of this Directorate. There is now a system in place that has exceeded

1.9 TB operating database, 500 GB archive database in addition to an application, which shares the load in 3 different servers in order to balance the flow. Care for the database has been one of the daily tasks, with which the Information Technology Directorate was confronted.

Specialists of this Directorate have stayed on standby out of the official business hours of the weekdays, as well as, over the weekend.

### **10.3. Provision of technical assistance inside and outside Public Procurement Agency**

In 2010, the Information Technology Directorate worked intensively on drafting and improving the manuals and guidelines for the users of the Electronic Procurement System. Manuals are very detailed and they follow every stage of the procedure as seen from angle of all the roles of the Electronic Procurement System users.

The specialist of Information Technology Directorate provided the necessary explanatory assistance also through e-mails, telephone, consultations and official letters. The Information Technology Directorate responds, on an average, to 45 telephone call and 30 e-mails that come from the Contracting Authorities and domestic and foreign economic operators.

It is should not be forgotten to mentioned also the Information Technology Directorate daily work in support of the users themselves inside Public Procurement Agency and in the infrastructure management. Performing of assigned tasks and cooperation with other sectors has led to very good results.

Here it is worth mentioning the cooperation with the Legal, Monitoring and Publishing Directorate. Cooperation with this Directorate has also been very productive in terms of highlighting the problematic cases and their solution, as well as, improving the electronic procurement system in conformity with the legislation in force.

All the tasks and objectives for 2010 including the following:

- Optimization of work process.
- Further enhancement of the EPS safety.
- Establishing of the E-archive.
- Relieving of the database.
- Optimization of the documentation that is used in the EPS.
- Training of EPS users

were successfully and responsibly accomplished by the Information Technology Directorate. This led to the enhancement of service quality and speed and its delivery with high responsibility and by ensuring maximum transparency and efficiency.

For these achievements, in June 2010, the United Nations ranked the Public Procurement Agency in the second place in the world for its electronic procurement, thus commending its contribution towards the improvement, efficiency and quality of public services.

## **11. INDICATORS OF THE ACTIVITY OF INTEGRATION, AND HUMAN RESOURCES AND FINANCE MANAGEMENT**

Having regard to:

- The importance that relations with the public have, especially for the public procurements in the frame of transparency;
- The considerable importance that has been provided to training on public procurements by the public procurement law, according to which the Public Procurement Agency is the responsible institution for organizing workshops and training in the area of procurement;
- And, the obligation of aligning legislation with the EU Directives, and the solution and covering of problems that come up in the frame of European integration,

The efforts with respect to integration, human resources and finance management have occupied an important part of the activity of the Public Procurement Agency.

### **11.1. Human Resources Management**

In 2010, based also on the changes of the staff number and its structures, the Public Procurement Agency faced several challenges concerning human resources management, keeping in mind also the legal duties the Public Procurement Agency has in the field of procurement, concessions and public auction. According to this structure, the Public Procurement Agency was divided into two main directorates including the Legal Directorate of Monitoring and Publishing and the Information Technology Directorate. Due to the importance and extension of the application of the electronic procurement system, the Information Technology Directorate is actually also the largest directorate in terms of staff. In 2010, in the frame of the aforementioned changes, 9 persons were dismissed, therefore reaming in the waiting list, while 3 of them went out of this roster due to resuming their employment relations in the public administration.

Moreover, in the frame of the aforementioned changes, the data of the staff main register were updated and the files of each member of the staff were rechecked and supplemented.

During this year, there was a change of the responsible authority of the institution, which kept up contacts with the High Inspectorate for the Declaration and Auditing of Assets, where he used to report the names of persons responsible for declaring the assets and he timely submitted the corresponding declarations.

### **11.2. Activities regarding administrative capacity building for the Public Procurement Agency staff and for the procurement specialists of the contracting authorities**

#### **11.2.1. Training of Training of Public Procurement Agency staff**

In the frame of administrative capacity building, in 2010, Public Procurement Agency representatives attended also a



number of workshops organized inside and outside the country and this included specifically the following:

During January - February 2010, the Public Procurement Agency staff participated in a series of workshops organized with SIGMA support. On January 5-6, the management level staff of the Public Procurement Agency attended training on the management capacities of public administration staff. In February, Public Procurement Agency staff attended a set of workshops on the procurement in utility sectors (energy, water, transport), as well as, on the application of Framework Agreement.

#### **11.2.2. Training of contracting authorities procurement staff**

As mentioned before in the beginning of this analysis, in May 2010, the Public Procurement Agency was restructured. In addition, during this time, the Public Procurement Agency was waiting for the start of the Twining Project as mentioned above in this analysis. Due to restructuring, this project started in November 2010. For these reasons, in 201 the number of training events organized by the Public Procurement Agency with the contracting authorities' staff was relatively low.

On February 22-23, 2010, the Public Procurement Agency organized in cooperation with SIGMA a two-day training workshop with representatives of a number of the main institutions, which procure public funds in utility sectors, and about the application of framework agreement.

During the first quarter of 2010, training was organized in cooperation with the Public Administration Training Institute with the State Supreme Audit staff. This training focused mainly on electronic procurement and on the role of auditors in this system.

In addition, in cooperation with the Twining Project, the action plan of this project was drafted in the last quarter of 2010, where an important role was provided to drafting a training

plan and to training of a considerable number of public procurement staff across the entire country in the coming year.

### **11.3. Integration**

A very important task for the Public Procurement Agency during this year included drafting the responses for the European Commission Questionnaire for Albania in the frame of the European integration process. This questionnaire contained an all-inclusive chapter of questions about the public procurement field including both, the legislative and institutional framework.

All the Public Procurement Agency staff was heavily involved in drafting the responses. The purpose of this was to draft them according to the required quality and by the defined deadline and this was a commitment that was successfully accomplished.

However, there were 22 (twenty two) questions for the public procurement field, while the Public Procurement Agency was also part of the Interinstitutional Working Groups to provide responses to questions belonging to other chapter of the Questionnaire concerning different sectors, which have to do with public procurement field.

One of the annual tasks of the Public Procurement Agency, in the frame of Integration, includes also reviewing and presentation of public procurement priorities based on the Actions Plan for the Implementation of the Stabilization and Association Agreement (SAA). These priorities are annually updated in accordance with the obligations, which are undertaken under the Stabilization and Association Agreement, and they are sent to the Ministry of Integration.

Additionally, the Public Procurement Agency has drafted and sent to the Ministry of Integration regular reports concerning the progress, which has been achieved with respect to the measures as taken in regard to the approximation of legal

framework with the relevant European Union Directives and, with respect to institutional capacity building.

To meet these obligations, as undertaken in the frame of the Stabilization and Association Agreement (SAA) and other strategic documents of the integration process, the Public Procurement Agency will be assisted also by the twining project called “Support for strengthening the public procurement, concessions and tenders system in Albania” of IPA 2008 Program. This Project, the implementation of which started in November 2010, will undertake, *inter alia*, a comparison of the existing Albanian legislation on the aforementioned fields with the relevant provision of the European Union legislation. It will additionally provide recommendations for its further alignment with the European best practices.

#### **11.3.1. Representation of the Public Procurement Agency staff in international meetings and forums**

In February 2010, a representative of the Public Procurement Agency attended a two-day meeting in Geneva on the draft of the public procurement agreement of the World Trade Organization.

In March 2010, a representative of the Public Procurement Agency attended a meeting with SIGMA representatives, with Balkan Countries and Turkey and, as well as, of European Union about the discussion concerning the completion of the draft fiches of the multi-beneficiary Project with IPA funds “Public procurement training in Balkan countries and Turkey”.

In April, two representatives of the Public Procurement Agency participated in the Public Procurement Regional Forum organized in Istanbul by the World Bank and Asian Bank. This Forum included, *inter alia*, also a presentation of the procurement system in our country, the achievements and goals for the future.

In June 2010, Public Procurement Agency representatives attended the Regional Conference “On the public procurement system”. Representatives of all Balkan countries attended this Conference. Taking into consideration the topic and the participation, the Conference served not only as an opportunity to present the novelties in the field of procurement in each country, but also for the exchange of experiences with the counterparts of the countries of the region in this field. Exchanging of experiences with the countries of the region was very important, because all these countries, including here also Albania, have the same challenges in the field of procurements.

In addition, the two-day Forum on Public Procurement organized by OECD/SIGMA was held in November in Paris, France concerning the to date reforms in the field of public procurement, the main challenges and future priorities. Three staff members represented the Public Procurement Agency in this Forum. The Forum included a presentation and a discussion about the existing situation in Albania, as well as, about the approximation of the legislation to the relevant EU Directives, and about its due implementation vis-à-vis building of administrative capacities. In the course of this event, there was a discussion also about the action plan in support of meeting the priorities as defined in this field, as well as, about the international cooperation and their assistance to timely achieve these priorities.

Meanwhile, OECD in cooperation with CEFTA Secretariat organized in Paris, on October 03, 2010, the Round Table on Public Procurement. This meeting, in which a representative of the Public Procurement Agency participated, included a presentation of the outcomes of the public procurement systems evaluation of the CEFTA countries in the frame of 2010 Reports as drafted by OECD for those countries. In addition, this meeting included also discussion about meeting the obligations as undertaken with respect to public procurement in the frame of this Agreement. These are obligations, which in our public procurement system, have

been met in compliance with the relevant provisions set forth in the Agreement at issue.

#### **11.4. Financial situation of Public Procurement Agency in 2010**

Pursuant to Law No. 10190 of November 26, 2009 “On State Budget 2009” and, pursuant to the Decision of the Council of Ministers No. 432 of 28 June 2006 “On the management of revenues, which are generated by the budgetary institutions”, the Public Procurement Agency received funds from the state budget, as well as, it generated secondary revenues from sales of Public Notifications Bulletin as presented in the following Table:

In 000/Albanian Leks						
No.	Description	Initial Budget	Amendments	Final Budget	Actual	%
1.	Budget allocations	98 675	-6 600	92 075	50 197	54.5%
2.	Secondary revenues				1 718	-
	<b>Total</b>				<b>51 915</b>	

The adopted budget of 2010 has allocated to the Public Procurement Agency 30 000 000 Albanian Leks under Budget Item 602 “Goods and Services”. Whereas, under Law No. 10310 of July 26, 2010, the budget estimate for 2010 current expenses for our institution included a cut of funds to the amount of 6 600 000 Albanian Leks.

Public Procurement Agency general expenses, by the end of 2010, amounted to, approximately, 50 197 000 Albanian Leks. The execution rate was 54.5 percent, which meant a failure rate of 41 878 000 Albanian Leks. When compared to the executed annual budget of the same period of previous year, budget expenditures result to be about 73 247 000 Albanian Leks less or, 20.6 percent lower, where the non-publishing of the Notifications Bulletin took up the main weight (due to cancellation of the obligation to publish it in hard copy), and due to failure to execute investment expenses.

Out of the total expenses executed during 2010, current expenses took up about 97%, out of the estimate of 61.3 percent, while investment expenditures took up about 3% out of 38.5% of estimated expenditures.

According to the component items of current expenses, the situation of their execution by the end of 2010 is presented in the following table:

	Description	Budget 2010	Actual 2010	In %
1	Wages	27 970	24 155	86.26
2	Social Insurance	5 000	3 506	70.00
3	Goods and Services	23 400	20 953	89.54
4	Transfers – Special Fund	30	30	100.00
5	Investment Expenditures	35 675	1 553	4.30
	<b>Total expenditures</b>	<b>92 075</b>	<b>50 197</b>	<b>54.51</b>

Personnel expenses made up about 49.65 percent of the total current expenses executed in 2010. The rate of failure to execute the current expenses results to be about 3 845 000 Albanian Leks or, about 86.26 percent of the annual estimate. Failure to execute the wage and social insurance fund came as a result of the Public Procurement Agency restructuring on May 01, 2010. Wage fund including the supplements estimated for 2010 for 36 staff members was used only for 18 staff members included in the organization chart, while the rest of staff members who were dismissed received payment according to the waiting list, but they did not receive any supplements for working conditions and training while, at the same time, some of them dropped out of the waiting list during the year.

Operating expenses, which make up about 43 percent of the total current expenses executed during this year, result in a saved amount of about 2 447 000 Albanian Leks.

The main items include, *inter alia*, the following:

- Expenses to draft the Public Notifications Bulletin, compared to prior years, which amounted to about 10 800 000 Albanian Leks, this year were 2 407 0000 Albanian Leks, because **the Public Notifications Bulletin is published only in Internet** as of May 24, 2010.

- Internet service expenses – about 1 319 000 Albanian Leks were saved against the fund estimated at the beginning of the year through the performing the procurement procedures.

Moreover, a number of other expenditure items fell short of execution against the estimate, because streamlining of the staff led also to lack of sufficient staff to organize training events with the contracting authorities.

The execution rate of capital expenses was 4.3 percent. The fund allocated under the state budget at the beginning of the year was 35 675 000 Albanian Leks.

Investments fell short of execution in the case of the item described as purchasing of hardware, because the Information Technology specialists performed a market research and they found out that the price of required hardware exceeded the budget as estimated for this investment. The requirements to upgrade the system were several times higher than those initially defined and, therefore the cost of purchasing them exceeded the budgets estimated to purchase them.

The item, which was described as improvement and development due to shifting to a more efficient structure by changing from 1 server application to 3 servers, as well as, from 1 server for database to 2 such servers, was not adequate to provide a solution with this fund for the part of Disaster Recovery.

The amount of revenues of 1 717 000 Albanian Leks as generated by the Albanian Postal Service regarding the Bulletin subscription and distribution up to May 24, 2010

were disbursed 100% to the state budget, therefore having no outstanding liabilities from prior years. Payments to third parties were made on regular basis and there are no outstanding payments for 2010.

## **12. RELATIONSHIPS WITH THIRD PARTIES**

During 2010, apart from the letter communication, Public Procurement Agency staff provided explanations and advice to the representatives of institutions also in the meetings organized in the Public Procurement Agency premises.

During this year, Public Procurement Agency staff received representatives of the contracting authorities and economic operators. These meetings were held with the General Director, as well as, with representatives of the Legal Directorate of Monitoring and Publication and with the Information Technology Directorate.

## **13. CONCLUSION**

Based on all the information, which is presented in this annual analysis of the work of the Public Procurement Agency, it can be observed that the Public Procurement Agency coped with several challenges in 2010. However, these challenges did not impede achievement of very positive results in the field of public procurement and, especially in the field of e-procurement.

Structural changes affecting the Public Procurement Agency in 2010 and considerable streamlining of the staff were accompanied by an increase of the workload for the Public Procurement Agency, irrespective of the transfer of complaints review competence from it. Under the existing public procurement, concessions and auctions legislation, the Public Procurement Agency has an important regulatory role in the aforementioned fields.

The number of complaints as reviewed up to May 2010, the initiated secondary legislation, the drafted and adopted instructions in support of Contracting Authorities in their



daily work, the number of practices of providing legal interpretations and assistance for the areas of operation, the number of procurement procedures as published in the Public Notifications Bulletin, reflect the results, which were achieved in 2010, despite the challenges that the Public Procurement Agency had to face, with respect to ensuring the progress and proper functioning of the electronic procurement system, etc.

One of the best indicators of the Public Procurement Agency achievements was the awarding of the second prize in the world by the United Nations for public services under the category “Improvement of transparency, accountability and readiness in public service”<sup>5</sup>. Facilitation provided by the application of e-procurement system and the benefits received from it were considered by this prize as a great contribution to the improvement of public administration in Albania.

Referring to the achieved results and the positive consideration of the electronic system application, it is evident that the contribution provided by the Public Procurement Agency for the improvement of public administration has been very large and, at the same time, very useful. This contribution was achieved thanks to the Public Procurement Agency work in regard to proper functioning of the public procurement system.

Nonetheless, the work to maintain the system and to administer the entire necessary infrastructure so that the Contracting Authorities are able to apply such a system, as well as, its permanent improvement, remain still a challenge, which the Public Procurement Agency faced in 2010 and, which it will continue to face also during 2011.

The Public Procurement Agency efforts to enhance the public procurement system in Albania were also commended by the Analytical Report of the European Commission concerning public procurement in the frame of the Opinion of the Commission on the application of Albania for European Union

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<sup>5</sup> <https://www.app.gov.al>

membership. This report states that the Albanian legislation is largely approximated to the general applicable principles of public procurement in the internal market. Again, according to the Report, the establishment of the Public Procurement, as the competent complaints review authority, ensures a separation of policymaking and implementation functions from the review functions, therefore bringing the system closer to European Rules. In General, the Reports states that Albania has met its commitments in this field, in the frame of the Stabilization and Association Agreement. The legal and institutional framework provides a good ground for the development of an effective public procurement system under the rules of the European Union. This report considers tasks laid down in the Progress Report 2009 as completed.

Anyhow, the Report has highlighted the need for further approximation in addition to ensuring its effective implementation in a midterm run, especially in the concessions and review field. Moreover, according to the Report there is need to ensure sufficient capacities in all public procurement institutions, as well as, to clearly define and divide responsibilities and mechanisms of cooperation between these institutions.

Despite the progress and the achievement of 2010, the Public Procurement Agency still has a set of priorities, on which it has to work for the fulfillment of its duties and further fulfillment of the commitments as undertaken in the field of public procurement by taking into account also those laid down by the Analytical Report. The main ones, among them, are the following:

- ➔ Amendment of public procurement concession legislation and its further approximation to the relevant European Union Directives. This duty is a challenge, which will be addressed with the assistance of the Twinning Project to be provided to the Public Procurement Agency in 2011;
- ➔ Implementation in practice of the procurement rules in the utility sectors and the implementation of Framework Agreement by some of the Contracting Authorities;

- Further enhancement of electronic procurement system;
- Building of the administrative capacities of staff that is designated to conduct procurement procedures. This is a challenge, which remains always open, given that the procurement legislation is under a continuous changing process. Administrative capacity building is a very significant challenge, which the Public Procurement Agency will face in 2001 and the Twining Project will help in terms of successfully addressing it.