



PUBLIC PROCUREMENT AGENCY

2014

ANNUAL REPORT



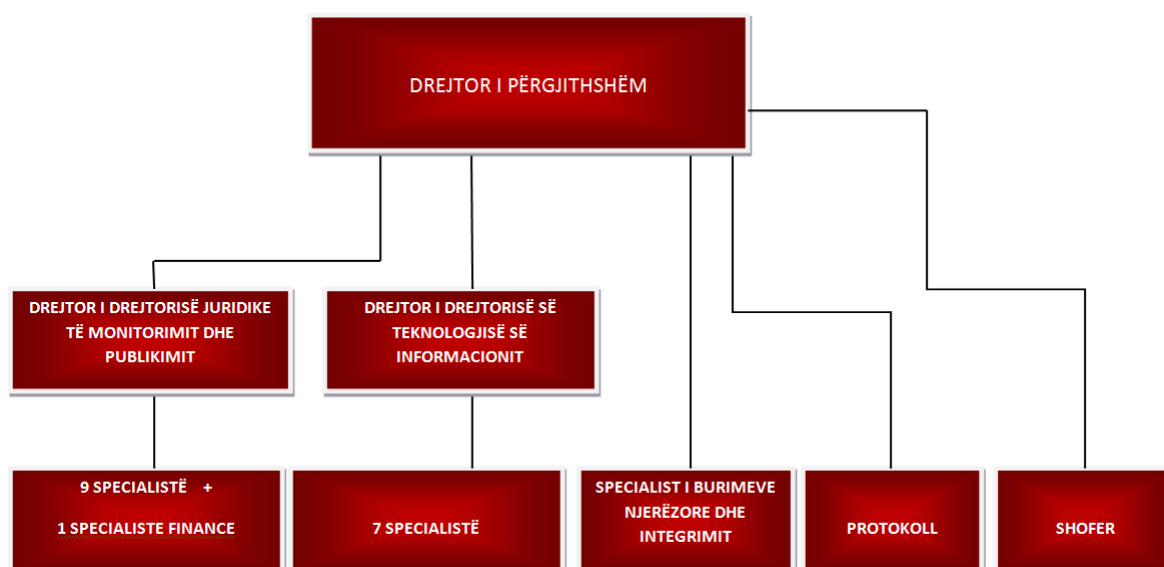
This report describes the activity of the Public Procurement Agency and the functioning of the Public Procurement System for the period from 1 January 2014 up to 31 December 2014

1. INTRODUCTION

This report describes the activity of the Public Procurement Agency (hereinafter “PPA”) and the functioning of the public procurement system for the period 1 January 2014 up to 31 December 2014.

During the calendar year of 2014, PPA has carried out its activity under Law No. 9643/2006 “On Public Procurement”, as amended, Law No. 125/2013 “On concessions and public private partnership”, as amended, Law No. 9874/2008 “On public auction”, as amended, as well as under Prime Minister’s Order No. 143 of 06.07.2010 “On the approval of the structure and organigram of the Public Procurement Agency”, as amended.

Namely, PPA structure is graphically presented hereunder:



Translation of the chart text

Albanian	English
Drejtor i Përgjithshëm	General Director
Drejtor i Drejtorisë Juridike të Monitorimit dhe Publikimit	Director of Legal Monitoring and Publication Directorate
Drejtor i Drejtorisë së Teknologjisë së Informacionit	Director of Information Technology Directorate
9 Specialistë + 1 Specialiste Finance	9 Specialists + 1 Finance Specialist
7 Specialistë	7 Specialists
Specialist i Burimeve Njerëzore dhe Integrimit	Human Resources and Integration Specialist
Protokoll	Records Office
Shofer	Driver

2. ASSISTANCE OF INTERNATIONAL PROJECTS

During 2014, PPA has not been part of any project financed by international donors or organizations.

Nevertheless, as in the previous years, during this year as well, PPA was assisted by SIGMA (Support for Improvement in Governance and Management in Central and Eastern European Countries) to fulfill its obligations in the framework of European integration process.

During this year, SIGMA assistance has been mainly focused on drafting the Strategy on Public Procurement System in Albania, which was afterwards included to the National Public Finance Management Strategy, 2014-2020, approved by the Council of Ministers in December 2014. The part of public procurement in the abovementioned strategy defines main goals in further development of the procurement system and measures required for their achievement.

Likewise, during this year SIGMA has provided a very useful assistance on the project amendments to the public procurement law, expressing its comments and suggestions, aiming the approximation of the latter with the respective European Union Directive.

It is worth noting that during this year SIGMA has assisted PPA towards taking measures (in terms of legal and capacity building) to stimulate implementation in practice of Framework Agreement.

3. LEGISLATIVE INITIATIVES OF THE PUBLIC PROCUREMENT AGENCY DURING 2014

3.1. Legislative amendments

During 2014, PPA was part of a working group composed of institutions with a key role in the field of procurement, chaired by the Minister of State for Local Issues, established in order to draft some amendments to Law No. 9643, dated 20.11.2006 “On public procurement”, as amended (hereinafter PPL). Aim of the amendments and addenda introduced with this project law is first of all to further increase the efficiency and effectiveness in public procurement procedures and to promote the participation of domestic and foreign economic operators in public procurement procedures, in view of the good management of public funds.

This law, before its approval, has gone through various consultations with line ministries and largest contracting authorities in the country, and was also sent for comments to SIGMA. Their standings were considered and reflected to the respective provisions. The PPL amendments were approved with the Law No. 182/2014 “On some amendments and addenda to law No.9643, dated 20.11.2006 “On public procurement”, as amended.

Some of the amendments of this law do consist to the full approximation of its several provisions with the respective provisions of the European Union (EU) directives.

Namely, with the abovementioned law were added as exception case from the public procurement law provisions, the employment contracts. Such addition is in line with the new Directive 2014/24/EU, which does also foresee this exception case.

In line with the EU directives comes the adjustment regarding the tender security, which was left as a possibility to be submitted by economic operators, only in public procurement procedures above the high value threshold.

Tender security is not foreseen as a concept neither in Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts, nor in the new Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

In the abovementioned law on public procurement are foreseen some other addenda and amendments, aiming the accuracy of its current provisions and avoidance of mis-interpretation cases by the contracting authorities, in framework of efficiency increasing of procurement procedures.

3.2. Sub-legal initiatives of the PPA

3.2.1 Public procurement

➤ Council of Ministers Decisions

In the framework of said amendments to the law on public procurement, during the last four months of 2014 PPA prepared the relevant amendments to the public procurement rules, which were adopted with the Council of Ministers Decision No. 914, dated 29.12.2014, “On the approval of public procurement rules”.

As main amendments of this decision could be mentioned the changes in the way of carrying out framework agreement, in order to reflect the problematics raised by Contracting Authorities and as well the increase of monetary threshold for small value procurement procedures, from 400 000 ALL to 800 000 ALL, a change which aims to facilitate the work of contracting authorities.

Thus, the previous Council of Ministers Decision No. 1, dated 10.01.2007, “On the approval of public procurement rules”, as amended, and all other instructions issued pursuant to it were abolished.

Besides the amendments coming as a result of legal changes reflection, the other purpose of preparation and approval of a new decision on public procurement rules was the reorganization of the previous document, as well as the adjustment in a more clear and chronological way of the procedural steps to be followed in the procurement process.

- In the month of December 2014, PPA prepared the project decision “On the performance of public procurement procedures with electronic means”, which was approved

with the Council of Ministers Decision No. 918, dated 29.12.2014, “On the performance of public procurement procedures with electronic means”.

This decision redefines the obligation for electronic performance of public procurement procedures, by explicitly expressing the exception from the electronic conduct for the negotiated procedures without publication of the contract notice, the second phase of consultancy services and design contest procedures, procurement procedures for the purchase of electric power. Such exception was made due to the specifics of these types of procedures.

In accordance with the said decision, small value procurement procedures below 100,000 ALL and those being conducted in emergency cases will be performed in paper form.

➤ **PPA Instructions and Decisions**

Throughout 2014, in order to help contracting authorities and economic operators, PPA has drafted the following Instructions:

- Instruction No. 1, dated 28.02.2014 “On some addenda and amendments to Instruction no.2, dated 28.03.2013 “On small value procurement procedure”, amended with Instruction no.5, dated 16.07.2013”.

Such instruction was considered necessary due to the problematic met in practice in small value procurement procedures.

It gave solution to cases of withdrawal of bidders from the competition, according to their classification up to the last bidder remained in competition, and as well the situations created in cases of failure twice successively of small value procurement procedures performed through the electronic system including cases where there was competition.

Likewise, the said instruction has oriented towards preventing irresponsible offers from economic operators, that unjustifiably do not notify and do not appear to realize the procurement object, by adding the obligation of these tenderers to notify contracting authorities in the event of impossibility to realize the procurement object.

Whether this is not respected by the side of economic operators, PPA has instructed that contracting authorities may refuse the bid submitted by an economic operator in a procurement procedure, who, in previous small value procurement procedures carried out by the same contracting authority, has not notified the latter within the defined time limit on the reasons that led to impossibility of realizing the procurement object.

- Instruction No. 02, dated 03.05.2014 “On some addenda and amendments to Instruction No. 3, dated 01.06.2010 of the Public Procurement Agency”.

Given the observed problematic in practice where procurement procedures remain non-archived in the electronic procurement system, through this instruction, contracting authorities were oriented to archive these procedures within a working day with effect from the closure of the phase of signed contract notice.

- In order to address this problematic, PPA has issued as well the Instruction No. 3, dated 03.04.2014 “On an addenda to Instruction No. 4, dated 04.07.2013 of the Public Procurement Agency “On conducting small value procurement procedures in the electronic procurement system for contracting authorities and economic operators”.

This instruction has oriented contracting authorities to archive small value procurement procedures within a working day with effect from the closure of the phase of winner notice.

- In 2014, PPA through the Decision No. 1, dated 21.01 2014 “On the approval of an addenda and amendment to the Standard Tender Documents for the supply of goods, services and public works” has approved an amendment to these documents, related to General Admission Criteria defined in the Annex “Admission Criteria”.

By means of written communication of PPA with the National Registration Center was observed change of Trade Register Extract format for Data of Entity, issued by this institution, in view of tasks assigned under the relevant legislation.

In this re-formatted document would not be reflected the judicial situation of entities, namely that it is not convicted for a criminal offense and it is not convicted by a final court decision, related to the professional activity.

Given that in accordance with the legal and sub-legal provisions on public procurement, these two points are directly related to the qualification of economic operators in procurement procedures, in order to avoid any confusion of the Parties involved in the procurement process and to be in line with the requirements of the National Registration Center to meet the legal obligations of the latter, was made a change to the Annex of Admission Criteria.

With this change, requirements on the entity judicial situation are met by submitting the Extract on Entity Historic and also the entity self-statement, according to the Annex “Statement on Judicial Situation”, drafted by PPA, which was made part of the Standard Tender Documents.

- Furthermore, another change to the Standard Tender Documents was approved with PPA Decision No. 9, dated 22.09.2014.

Through this decision, implementing the article 21 of law No. 9367, dated 07.04.2005, as amended, it was changed the statement on conflict of interest form, part of Standard Tender Documents. This was done by adding as well Judges and Prosecutors of First Instance Court and Appeal Court to the category of officials who are absolutely prohibited to benefit directly or indirectly from signing contracts where one of the Parties is a public institution.

Prohibition for benefits deriving from contracts with a public institution is also extended to the cohabitants and cohabitant’s parents of the category of officials defined to law No. 9367, dated 07.04.2005 “On the prevention of conflict of interest in the exercise of public functions”, as amended.

3.2.2 Concessions and public private partnership

With regard to the legislation of concessions and public private partnership, in February 2014 PPA prepared and sent for approval the project decision on conducting electronically the competitive concession/public private partnership procedures, which was adopted with the Council of Ministers Decision No. 130, dated 12.03.2014 “On conducting electronically the competitive concession/public private partnership procedures”.

The said Decision was approved as a result of the new law 125/2013 “On concessions and public private partnership”, which did foresee and regulate for the first time public private partnership procedures. As decision No. 268, dated 18.04.2012 “On conducting electronically the competitive procedures on award of concessions” was issued on the basis of law No. 9663, dated 18.12.2006 “On concessions”, which was abolished and regulated only the conduct of concessionary procedures with electronic means, a new Decision was needed to foresee the electronic conduct of publication of contract notice and the relevant documents for competitive concession and public private partnership procedures, as well the electronic bidding by the interested economic operators.

Electronic publication of all the documentation related to a concession and public private partnership procedure aims to maximise transparency and to provide full and free access to documentation for every interested economic operator in order to participate in these competitive procedures.

3.3. Sub-legal initiatives in process

With the approval of mentioned legal and sub-legal acts, at the end of 2014, PPA intensified the work for drafting bylaws and different instructions in order to reflect the changes made in this regard.

4. KEY CHALLENGES AND ACHIEVEMENTS OF THE PUBLIC PROCUREMENT AGENCY DURING 2014

The main challenges faced by the PPA during 2014 have consisted primarily to the change of procurement legislative framework, aiming the improvement and efficiency increasing of the public procurement system, in monitoring the public procurement procedures, in managing the electronic procurement system and increasing the capacity of this system, where all public procurement procedures requiring prior notice, including small value procurement procedures are carried out with electronic means. The said challenges also consisted to the capacity building of employees charged with the performance of public procurement procedures.

Improvement of legislation in this field, for which PPA is fully committed, in addition to being a legal task of the latter, is at the same time a duty deriving from the obligations under the integration process and namely the approximation of domestic legislation with the relevant European Union Directives.

In this framework, PPA played an important role at the interinstitutional working grup, established to prepare the amendments to the PPL, and to address the problematics arised in practice by implementing the public procurement legislation, as well the approximation of ~~these amendments with the respective EU Directives.~~

Moreover, in order to reflect the legal amendments and to specify some issues regulated to the Council of Ministers Decision approving the public procurement rules, PPA took the initiative to prepare a new draft of these rules, where not only were reflected the legal amendments, but was reorganized the whole previous document, as well were adjusted in a more clear and chronological way all the procedural steps to be followed in the procurement process. Upon completion of these two legal and bylaws acts, at the end of 2014, a challenge for PPA was the preparation of all the other bylaws, including the Standard Tender Documents, in order to approve the whole regulatory package within January 2015 and not to impede the activity of contracting authorities.

Another challenge, which PPA faced during 2014 has been the monitoring of public procurement procedures performed by contracting authorities, with a special focus to negotiated procedures without prior publication of the contract notice. The purpose of monitoring process was the identification of procedural violations at both, the selection of procurement procedure and the phase of preparation and evaluation of the concerned procedure. By the decisions taken upon finalizing the monitoring process, PPA aimed not only to set punitive measures for the responsible persons infringing the public procurement legislation, but also to instruct contracting authorities for not repeating such violations in the future. PPA did responsibly and seriously carry out this task (even with a limited employees engaged in this regard) because believes that monitoring of the law enforcement is a very good mechanism for increasing the accountability on contracting authorities and subsequently increasing the efficiency of public procurement system in general. More detailed data on the monitoring process will be provided during this report.

A challenge for PPA during 2014 has also been the representation in judicial proceedings where it was a Party, especially due to the reduced number of staff available for this purpose. Because this year, unlike all the other years, due to the exercise of the monitoring competence, the number of decisions taken by PPA was considerable, the number of cases in court was significantly increased, as compared to previous years.

With regard to the continuous process of improving electronic procurement, PPA worked intensively during this year to enhance the operational and archive capacities. The biggest challenge of PPA in this regard was the management of system load as a result of the very high number of procedures, which is significantly increased as a result of the small value procurement procedures.

Another challenge during this year was the drafting of relevant instructions for contracting authorities and economic operators in relation to any new functionality established in the system, especially for the small value procurement procedure and training of Contracting Authorities on the implementation of public procurement legislation, where the number of requests for these trainings was very high.

5. PUBLIC PROCUREMENT AGENCY COOPERATION WITH DOMESTIC AND FOREIGN COUNTERPART INSTITUTIONS OF THE EU MEMBER STATES AND OTHER INTERNATIONAL INSTITUTIONS

5.1. PPA cooperation with counterpart institutions of the region and of the EU

During 2014, PPA has had a very good cooperation with international counterparts. In this context representatives of PPA participated in international meetings, conducted visits to several countries of the region and the Member States of the EU and hosted delegations consisting of representatives of international institutions.

PPA continued to have this year a very important cooperation with SIGMA, a joint initiative of the OECD and the European Union, principally financed by the EU. PPA worked closely with SIGMA to draw up the Strategy on Public Procurement System in Albania and draft amendments to the public procurement legislation. Such cooperation was successfully finalised, having as outcome the Strategy on public procurement, as part of the National Public Finance Management Strategy 2014-2020, as well two mentioned legal and sub-legal acts, approved in December 2014.

During this year PPA had a very good cooperation with the World Bank office in Albania. Besides the participation in different activities organized by the latter, at a proposal of the World Bank PPA applied in 2014 for a project where is required the assistance of the Bank for establishing indicators on measurement of performance and enhance transparency of the public procurement system.

5.2. PPA cooperation with other institutions in Albania

During 2014, PPA has had a close cooperation with central and local government institutions in the country. In the framework of this cooperation, PPA has provided clarifications and advice to these institutions, when requested, in order to have the most correct enforcement of public procurement, concessions and public private partnership and public auction legislation.

PPA has continued to have a close and intense cooperation also during 2014 with the Ministry of Integration. PPA progress towards fulfillment of the commitments undertaken with the signing of Stabilization and Association Agreement in the field of public procurement was periodically reported to the Ministry of Integration. Frequent meetings, the subject matter of which was the consultation of specialists in order to achieve the objectives in the context of integration, were held with the said ministry.

During 2014, PPA has had very good and successful cooperation with the School of Public Administration (ASPA), in cooperation with which it has carried out several trainings for Contracting Authorities, in order to familiarize them with the legal framework and the improvements of the electronic procurement system.

Another very intensive cooperation of the PPA in 2014 was with the Supreme State Audit Institution, with the purpose of identifying and penalizing the violations which have been committed by various contracting authorities when carrying out the procurement procedures.

PPA has had cooperation with the Public Procurement Commission in the framework of exercising its legal duties during 2014. Pursuant to the provisions of the public procurement legislation, the Public Procurement Commission has informed PPA whenever it made any decisions to suspend the procurement procedures, so that this decision get reflected at the electronic procurement system in order to suspend further proceeding by the contracting authorities. Likewise, this cooperation is also evidenced in the case of reflecting at the electronic procurement system of the decisions made by Public Procurement Commission upon conclusion of the review process.

Moreover, the two institutions collaborated in the framework of reporting to the Ministry of Integration on the obligations in this regard in the field of public procurement in all those cases where reports were requested under Chapter 5 “Public Procurement”.

6. ACTIVITY INDICATORS OF THE PUBLIC PROCUREMENT AGENCY DIRECTORATES DURING 2014

6.1. ACTIVITY INDICATORS OF THE LEGAL, MONITORING AND PUBLICATION DIRECTORATE

The Legal, Monitoring and Publication Directorate focused its activity mainly on drafting the project law and bylaws and instructions for the unification of practices in the field of public procurement; monitoring the procurement procedures according to internal plan of PPA; analyzing the audit reports sent by different auditing organs; giving opinions, advice or guidance to assist contracting authorities; providing opinions on different project decisions; reviewing of proposals for exclusion of different companies from the right to participate in the public procurement procedures or auctions procedures, and also training of the Contracting Authorities’ representatives.

More specifically, during 2014 the Legal, Monitoring and Publication Directorate focused its activity to the following directions:

6.1.1. Amendments to the legal framework

The Legal, Monitoring and Publication Directorate provided in 2014 a very important contribution to the improvement of public procurement legislation, concessions and PPP legislation and the issuing of several instructions to assist contracting authorities and economic operators.

In this context, the said directorate has played a key role in drafting of some amendments to the PPL and preparing of draft rules on public procurement, other secondary acts in this regard, Standard Tender Documents, as well all PPA instructions prepared in the framework of the public procurement legislation in force.

6.1.2. Practices analyzed for providing opinions, advice or guidance

During this year, the Legal, Monitoring and Publication Directorate, pursuant to the tasks which are assigned to it under the respective legislations in the field of public procurement, concessions/ppp and public auction, analyzed a considerable number of practices, which dealt with providing opinions, advice or guidance in support of contracting authorities; providing opinions on different project decisions; instructions for the unification of practices; reviewing of proposals by contracting authorities for exclusion of different companies; analyzing the audit reports, sent by audit institutions and monitoring of procurement procedures.

More specifically, information and data related to the exercise of such competences are presented as follows:

The assistance of this directorate is focused, among others, on the proper enforcement of procurement rules and providing legal advice on problems encountered during the conduct of public procurement procedures through the electronic procurement system.

A considerable number of requests for opinions are focused on the manner of proceeding in cases of applying framework agreement, as well in the various problems observed in small value procurement procedures, which, since 2013 are being performed in the electronic system.

During the calendar year, this directorate had also communication in writing with different institutions including the following: Prosecution Offices of Judicial Districts regarding various type of information as requested by their side on procurement procedures, State Advocate Office on judicial proceedings representing PPA in the capacity of respondent or different economic operators.

Namely, the total number of practices submitted to this directorate for **opinion, clarification or information from various institutions** on issues related to the public procurement process, concessions/ppp, and auctions during 2014 is about **250**.

Moreover, during this year, this directorate provided opinions on different project decisions as initiated by other institutions, which were forwarded for opinion to the PPA.

Total number of practices for which this directorate during 2014 provided **opinions on different project decisions** is **12**.

6.1.3. Penalties and disciplinary measures

A. Monitoring of procurement procedures according to PPA Plan

One of the main tasks of this directorate during 2014 has been the verification of public procurement procedures' implementation, after the phase of procurement contract signature.

In order to fulfill this legal obligation, the Legal, Monitoring and Publication Directorate has prepared two Monitoring Plans, by selecting procurement procedures carried out during 2014 by different contracting authorities.

As main criteria for selecting the procurement procedures, object of monitoring process, was taken into consideration the Type of Procurement Procedure, namely, “Negotiated Procedure without Prior Publication of the Contract Notice”, as a particular procurement procedure used in certain circumstances foreseen in the legal provisions on public procurement.

Given that negotiated procedure without prior publication of the contract notice is a procedure which does not require publication, by not allowing wide participation of economic operators, its usage by contracting authorities may become abusive and lead to avoidance of competition or discrimination of economic operators.

Likewise, in selecting the concerned procurement procedures to be monitored was taken into consideration the value of limit fund, the nature of procurement object, the fact that the winning offer is close or equal to the limit fund of the procedure, as well the complaints of different economic operators.

In this framework, during 2014 were monitored in **total 82 procurement procedures**, conducted by **52 Contracting Authorities**. Upon completion of the monitoring process, in case where identified infringements of the public procurement legislation in force, depending on the time period the procurement procedure was conducted (having regard the legal arrangement at the time period of conducting the procedure), kind of violation, limit fund of the procurement procedure, and the concerned consequence, PPA has made decision for penalty or proposal for disciplinary measure against the responsible persons.

Types of monitored procurement procedures are provided in the table hereunder:

Type of procurement procedure	Number of monitored procedures
Negotiated procedure without prior publication of the contract notice	62
Open procedure	13
Request for proposal	3
Small value procurement procedures	4

In these monitored procedures PPA decided for the **following measures**:

FINES

Role of the official	Number
Head of Contracting Authority	17 Contracting Authorities
Member of Procurement Unit	23 Contracting Authorities
Member of Offers Evaluation Commission	27 Contracting Authorities
Member of the Group for Calculating the Limit	13 Contracting Authorities

Fund	
------	--

PROPOSED DISCIPLINARY MEASURES

Role of the official	Number
Head of Contracting Authority	1 Contracting Authority
Member of Procurement Unit	26 Contracting Authorities
Member of Offers Evaluation Commission	7 Contracting Authorities
Member of the Group for Calculating the Limit Fund	4 Contracting Authorities
Member of the Commission for Small Value Procurement Procedures	3 Contracting Authorities

As might be clearly noticed from the data presented in the table above, the type of procurement procedure that was mostly monitored is the negotiated procedure without prior publication of the contract notice.

Aim of monitoring such type of procedure was to identify the reasons leading a contracting authority to select this procedure (given that it is conducted in a non-transparent and non-competitive way), to control whether the conditions foreseen by the public procurement legislation were fulfilled as well to prevent the wrong selection of such procedure in the future.

The main finding of PPA from monitoring this type of procedure is that in most cases Contracting Authorities **do not justify the unforeseen circumstances** which lead them to inability to plan their needs on time for fulfilling them through competitive procedures, according to the legal provisions for using this procedure.

In such a case, when Contracting Authority had the possibility to plan on time its need but due to its inactions has created “an emergent situation”, selection of the negotiated procedure without prior publication of the contract notice was considered in breach of legal and sub-legal provisions in force on public procurement.

Except the wrong selection of this type of procedure, another violation noticed by PPA has been the conclusion of long term contracts, whereas the legislation in force clearly defines the possibility of using such procedure only to solve emergency situations and explicitly prohibits the conclusion of long term contracts. The officials found guilty for this kind of violation were individually penalized, mainly by fines ranging from 500,000 ALL to 1,000,000 ALL, as one of administrative measures foreseen by the PPL, for this case.

B. Analysis of audit reports

- Audit reports for procurement procedures

The activity of the Legal, Monitoring and Publication Directorate during 2014 was also focused to the analysis of recommendations coming from audit institutions, in terms of deciding measures where noticed violations in different procurement procedures.

Upon completion of analyzing such reports and after the administrative investigations carried out following the complaints of different economic operators, there were decided fines and were proposed disciplinary measures, as below:

FINES

Administrative investigation of PPA (initiated by third parties)	Supreme State Audit Institution audits	Internal Audits of Authorities	Decisions of Public Procurement Commission
3 Contracting Authorities	8 Contracting Authorities	12 Contracting Authorities	3 Contracting Authorities

PROPOSED DISCIPLINARY MEASURES

Administrative investigation of PPA	Supreme State Audit Institution audits	Internal Audits of Authorities	Decisions of Public Procurement Commission
4 Contracting Authorities	13 Contracting Authorities	17 Contracting Authorities	15 Contracting Authorities

- Audit reports for concession procedures

Based on the PPA legal competencies, it was analyzed the recommendation of the Supreme State Audit Institution for deciding the relative administrative measures in cases where identified violations in a concession procedure.

Upon completion of analyzing the final report and the accompanying documentation sent by the Supreme State Audit Institution, PPA has decided fines and proposed relevant measures against the responsible persons.

FINES AND PROPOSED DISCIPLINARY MEASURES

Supreme State Audit Institution	
1 Contracting Authority	
Disciplinary Measures	Fines
3 persons	18 persons

6.1.4. Review of proposals to exclude economic operators

Another legal competence of PPA, exercised through this directorate during 2014, was the reviewing of proposals of contracting authorities/economic operators regarding the exclusion of economic operators from the right to bid in procurement procedures or auctions procedures for a specified period of time.

More specifically, **35 proposals on the exclusion of economic operators** were reviewed during 2014, where was commenced the administrative proceeding for exclusion from procurement procedures for **12** economic operators.

At the conclusion of the administrative proceeding, **6 (six)** economic operators were excluded from the right to participate in procurement. Specifically:

5 (five) Economic Operators were excluded due to misinformation through submitting tender documents containing false information, as defined in article 13/3/a of law no. 9643, dated 20.11.2006 “On public procurement”, as amended.

1 (one) Economic Operator was excluded due to failure to fulfill contract obligations, as defined in article 13/3/ç of law no. 9643, dated 20.11.2006 “On public procurement”, as amended.

Whiles, 1 (one) Economic Operator was excluded by additional decision of the Prosecution Office, for submitting false information in the tender documents, decision which was sent to PPA in order to be reflected to the Public Notices Bulletin.

For 2 (two) economic operators was decided non-exclusion, after was considered as not being fulfilled the conditions of article 13 law no. 9643, dated 20.11.2006 “On public procurement”, as amended.

For 3 economic operators, PPA suspended the administrative proceedings due to the judicial process.

For 1 (one) economic operator the proceeding is still in process.

For 23 requests which proposed the exclusion of economic operators, the submitting request was considered as having insufficient documentation to initiate the administrative proceeding and was requested to the proposers to supplement their requests.

The above mentioned data are presented in the following table form:

TOTAL				
36 requests for exclusion				
Exclusion decisions	Non-exclusion decisions	Suspended administrative proceedings	Administrative proceedings in process	Incomplete requests
6 (+1 by additional decision of Prosecution Office)	2	3	1	23

4 of PPA exclusion decisions were appealed by the concerned party at the Tirana Administrative Court of First Instance, where for 1 of them the lawsuit was accepted, for two was rejected and one is still in process. Detailed information in this regard is provided at the below session.

6.1.5. Representation in judicial proceedings

During 2014, PPA was represented in judicial proceedings as a respondent mainly by economic operators excluded from participation in public procurement or officials of Contracting Authorities penalized by fines upon completion of the monitoring process. As was previously mentioned at the beginning of this annual report, representation in the court in order to defend the PPA decisions has been a challenge due to the very high number of judicial cases where PPA was convened in the capacity of litigant.

In 2014, PPA followed **106 judicial cases** in total, out of which **74 cases** at the Tirana Administrative Court of First Instance and **32 cases** at the Tirana Administrative Court of Appeal.

Out of **74 judicial cases** at the Tirana Administrative Court of First Instance, **68 cases were concluded** and **6 of them are in process**.

From **74 judicial cases** at the Tirana Administrative Court of First Instance,

- **5 cases are against PPA decisions on exclusion of economic operators,**
- **67 cases are against PPA decisions on fines,** upon completion of the monitoring process, and
- **2 cases are in terms of working relations.**

From **5 judicial cases** against PPA decisions on exclusion of economic operators,

- **for 1 case the lawsuit was accepted,**
 - **fo 2 cases the lawsuit was rejected,**
 - **1 case was ceased, and**
 - **1 case is still in process.**
-

Out of **67 judicial cases** against PPA decisions on fines, upon completion of the monitoring process, **62 cases were terminated in the first instance**, and in concrete the court decided the following:

- **in 24 cases accepted the lawsuit;**
- **in 34 cases rejected the lawsuit;**
- **in 2 cases partly accepted the lawsuit;**
- **in 2 cases was ceased the trial,**

Meanwhile, **5 cases** are still in process.

For **2 judicial cases** against PPA with subject matter the working relations, the Administrative Court of First Instance decided the following:

- **for 1 case accepted the lawsuit and**
- **for the other case partly accepted the lawsuit.**

Out of **68** judicial decisions terminated at the Administrative Court of First Instance, **32 decisions were appealed to the Administrative Court of Appeal**, out of which:

- **19 decisions were appealed by PPA and**
- **13 decisions were appealed by the other litigant.**

From **32** appealed cases to the Administrative Court of Appeal,

- **2 cases were terminated by a final decision, and**
- **30 cases are still in process.**

Besides the judicial cases by the administrative courts as analysed above, PPA is a litigant in **1 case** at the Supreme Court, which is still in process.

In the event of announcements to present as a litigant to the administrative courts in the districts, PPA addressed to them request for declaration of incompetence, in accordance with law 49/2012 “On the organization and functioning of administrative courts and adjudication of administrative disputes”.

6.1.6. Activity of the Directorate regarding publication

In the Public Notices Bulletin (hereinafter Bulletin) there were published contract notices of announced procurement procedures, winner notices, signed contract notices, cancellation notices of procurement procedures, concessions, PPP and public auctions notices, as well other announcements where those of public administration occupie the main place.

During 2014 PPA published **53** Bulletins (1 more Bulletin compared to 2013) with **22.847** pages in total (5009 more pages compared to 2013), or on the average **431** pages per Bulletin (from 343 pages per Bulletin in 2013).

Also during 2014 the Bulletin was published only electronically.

Besides the work for summarizing the information to be published in Bulletin, officials in charge of carrying out publication have played a very important role in approving the contract

notices uploaded by the Contracting Authorities, in order to publish them on the next working day in the electronic procurement system and in the next Bulletin, as required by the public procurement legislation in force.

Specifically, during 2014 a number of **5882** contract notices were approved for publication in the electronic system and were published in the Bulletin. In addition, publication function played a very important role regarding the approval for publication of winner notices. In this case coordination was made also with the Public Procurement Commission decisions on the suspension of procurement procedures, thus taking the controlling and monitoring role in relation to respecting the deadlines of appeals in procurement procedures.

In 2014 the enforcement of around **1680** decisions of the Public Procurement Commission was followed in the system and were approved for publication in the electronic system and were published in the Bulletin **4673** winner notices.

The same function was carried out as well regarding the approval for publication of the signed contract notices in the system and afterwards their publication in the Bulletin.

More specifically, **6411** signed contract notices were approved for publication during this year. The Bulletin has an important informative role regarding the signed contract notices of negotiated procedures without prior publication of the contract notice, which, due to the nature of such procedure, are published only in the Bulletin. During 2014, **2121** signed contract notices of negotiated procedures without prior publication were published in the Bulletin.

7. STATISTICS IN RELATION TO THE NUMBER OF PUBLIC PROCUREMENT, CONCESSIONS/PPP AND PUBLIC AUCTIONS PROCEDURES PUBLISHED IN 2014

7.1 Statistics on procurement procedures conducted in the electronic procurement system

In this part of the annual report will be presented and interpreted data on the number of public procurement procedures above 400.000 ALL, which were announced to be conducted in the electronic procurement system. Furthermore, in this part will be presented the respective data on the number of winner notices and signed contract notices.

7.1.1

Total number of contract notices of procurement procedures published during 2014 in the electronic procurement system, according to the type of contracts, service, supply, works, at the PPA official website is **5288** (1136 more compared to 2013).

Below it is presented in detail their number according to the type of published procedure.

Services		Supplies		Works	
Type of Procedure	Number of procedures notices	Type of Procedure	Number of procedures notices	Type of Procedure	Number of procedures notices
Consultancy Service and Design Contest	116	Consultancy Service and Design Contest		Consultancy Service and Design Contest	
Open International	6	Open International	4	Open International	
Open procedure	316	Open procedure	577	Open procedure	474
Request for Proposal	964	Request for Proposal	2022	Request for Proposal	803
Local restricted procedure	4	Local restricted procedure	2	Local restricted procedure	
TOTAL	1406	TOTAL	2605	TOTAL	1277

In table form, the data about public procurement procedures, separated according to the type of procedure, **conducted in the electronic procurement system** in 2014 and the respective limit funds are presented as follows:

Total number of published procedures	5288
Total limit fund of published procedures	60,105,670,018
Consultancy service and design contest (number)	116
Consultancy service and design contest (value)	1,579,789,518
Open procedure - international (number)	10
Open procedure - international (value)	7,729,669,579
Open procedure - local (number)	1367
Open procedure - local (value)	42,580,100,073
Request for proposal (number)	3789
Request for proposal (value)	7,958,820,848
Restricted procedure - local (number)	6

Restricted procedure - local (value)	257,290,000
--------------------------------------	-------------

7.1.2 Statistics according to the type of procedures

Total number of winner notices of procurement procedures published during 2014 in the electronic procurement system, according to the type of contracts, service, supply, works, at the PPA official website is **4605** (1166 more compared to 2013).

In table form, the data about electronic procurement procedures, separated according to the type of procedure and the respective funds, conducted and completed in the system with winner notice during 2014 are presented as follows:

Types of procedures	Total number of procedures	Total procured limit fund	Total offered fund	% occupied by offered fund versus procured limit fund	Total saved fund	% occupied by saved fund versus procured limit fund
Open international procedure (winner notice)	16	4,712,456,723	4,647,932,567	98.6%	64,524,156	1.4%
Open procedure (winner notice)	1523	32,470,275,123	29,516,627,091	90.9%	2,953,648,032	9.1%
Request for proposal (winner notice)	3060	6,052,194,449	5,321,599,929	87.9%	730,594,519	12.1%
Consultancy service, design contest (winner notice)	73	445,542,869	422,817,040	94.9%	22,725,829	5.1%
Restricted local	1	725,000	555,500	76.6%	169,500	23.4%
Total	4673	43,681,194,164	39,909,532,128	91.4%	3,771,662,036	8.6%

7.1.3

Total number of signed contract notices of procurement procedures published during 2014 in the electronic procurement system, according to the type of contracts, service, supply, works, at the PPA official website is **6411** (2649 more compared to 2013).

Services		Supplies		Works	
Type of Procedure	Number of procedures notices	Type of Procedure	Number of procedures notices	Type of Procedure	Number of procedures notices
Consultancy Service and Design Contest	75	Consultancy Service and Design Contest		Consultancy Service and Design Contest	
Open International	1	Open International	175	Open International	
Open procedure	286	Open procedure	2737	Open procedure	378
Request for Proposal	658	Request for Proposal	1480	Request for Proposal	621
TOTAL	1020	TOTAL	4392	TOTAL	999

Based on the data presented in the above tables, it comes out that total number of procedures published in the electronic system is **5288**, while number of awarded procedures (which are measured with the number of winner notices published in the system) is **4605**. The difference between the number of published procedures and those completed with winner notice in the system is explained by the fact that some of the published procedures were canceled (for various reasons that will be analyzed below), or they are procedures that were published at the end of 2014 and are not completed yet with the winner notice (they are ongoing).

Moreover, the tables above show that the number of signed contracts is higher than the number of winners. This difference is explained by the fact that some procedures were carried out in a centralized manner (by the Central Purchasing Body or by various ministries that have served as central authority for their subordinate institutions), and in this case, there is one winner, whereas the number of signed contracts is the same as the number of institutions benefiting from this procedure.

7.1.4 Statistics on the saved percentage %

In the table below are presented data on the number of public procurement procedures, the respective limit fund, number of awarded procedures with the limit fund and the respective offered fund as well the saving in %, conducted in the electronic system during 2014.

Total number of published procedures	5,288
Total limit fund of published procedures	60,105,670,018
Total number of procedures which have continued	3,879
Total limit fund of procedures which have continued	50,407,013,534
Total number of incomplete procedures (canceled, suspended, etc)	1,409
Total limit fund of incomplete procedures (canceled, suspended, etc)	9,698,656,484
Total number of awarded procedures	4,673
Total limit fund	43,681,194,164
Total procured fund	39,909,532,128
% occupied by procured fund versus limit fund	91.4%
Total saved fund	3,771,662,036
% occupied by saved fund versus limit fund	8.6%

Based on the data presented in the above table, it comes out that from the 5288 procedures published to be conducted in the electronic procurement system, 1409 of them were canceled.

In order to right understand and analyze this figure (which at first sight is relatively high, having regard the total number of published procedures), we should considerate the fact that as these procedures are conducted in electronic form, there are two main reasons of cancellation: a) technical reasons and b) legal reasons.

Among the technical reasons could be mainly mentioned the mistakes in completing/carrying out the steps in the electronic procurement system, which were considerable during 2014. An explanation for such situation is the lack of experience of the staff in charge with conducting procurement procedures, in Contracting Authorities.

Among the legal reasons leading to cancellation of procedures could be mentioned the cancellation decisions of the Public Procurement Commission, lack of competition during the performance of procedures, cancellations due to the closure of budget year, etc.

Another case worth mentioning in view of this analysis is the case when a procedure with lots is published and are cancelled one or several lots of the procedure. In such case there is one procedure published, whereas for this procedure will be counted as canceled procedures every separate lot, if the case.

7.1.5

Comparing the same indicators, from 2013 to 2014 there is an increase to the number of procedures published to be conducted in the electronic system, increase to the number of procedures which were completed with a winner notice, increase of the procured fund and increase of the saved fund.

More specifically, such data are presented in the comparative summary table as follows:

Year	2013	2014
Total number of published procedures	4,152	5,288
Total limit fund of published procedures	52,181,980,979	60,105,670,018
Total number of procedures which have continued	3,520	3,879
Total limit fund of procedures which have continued	48,617,647,873	50,407,013,534
Total number of incomplete procedures (canceled, etc)	632	1,409
Total limit fund of incomplete procedures (canceled, etc)	3,564,333,106	9,698,656,484
Total number of awarded procedures	3,439	4,673
Total limit fund	43,922,603,793	43,681,194,164
Total procured fund	40,701,653,730	39,909,532,128
% occupied by procured fund versus limit fund	92.7%	91.4%
Total saved fund	3,220,950,063	3,771,662,036
% occupied by saved fund versus limit fund	7.3%	8.6%

7.1.6 Data on the negotiated procedures without prior publication of the contract notice

Except public procurement procedures published to be conducted in the electronic procurement system, in accordance with the procurement legislation in force Contracting Authorities may conduct negotiated procedures without publication of the contract notice whether exist the circumstances foreseen by law.

In table form, the data on electronic procurement and negotiated procedures without prior publication of the contract notice as well the ratios in % and saved fund in total for 2014 are presented as follows:

Total number of published electronic procedures	5,288
Total limit fund of published electronic procedures	60,105,670,018
Total number of awarded electronic procedures	4,673
Total limit fund of awarded electronic procedures	43,681,194,164
Total procured fund of awarded electronic procedures	39,909,532,128
Total number of awarded negotiated procedures without publication	2,121
Total procured limit fund of negotiated procedures without publication	5,646,826,542
Total offered fund of negotiated procedures without publication	5,566,688,557
% occupied by number of awarded negotiated procedures without publication versus total number of awarded procedures (electronic+negotiated without publication)	31.2%
% occupied by limit fund of negotiated procedures without publication versus total limit fund (electronic+negotiated without publication) for awarded procedures	11.4%
% occupied by offered fund of negotiated procedures without publication versus total fund (electronic+negotiated without publication) for awarded procedures	12.2%
Total number of awarded procedures (electronic+negotiated without publication)	6,794
Total procured limit fund of awarded procedures (electronic+negotiated without publication)	49,328,020,706
Total offered fund of awarded procedures (electronic+negotiated without publication)	45,476,220,685
% occupied by offered fund versus procured limit fund	92.2%
Total saved fund	3,851,800,021
% occupied by saved fund versus procured limit fund	7.8%

As it is noticed by the said table, during 2014 were conducted **2121** negotiated procedures without publication of the contract notice.

In order to right understand and analyze this data, we should considerate the following situations:

- Almost all the contracting authorities carry out negotiated procedures without publication with a value until 20% of the last contract, in order to fulfill their needs at the beginning of the year. Such a possibility is regulated by the legislation in force.

- Use of this procedure becomes necessary also in emergency situations (particularly for necessary goods and services, as food, cleaning services etc) “stimulated” by other legislations and especially that one for the budget. In concrete, given that on the basis of acts issued pursuant to the legislation for budget system management, it is not allowed to commence a procurement procedure when the relevant budget has not passed to the account of Contracting Authority (the request to seal the Procurement Order at the respective branch of Treasury Office), the contract conclusion from a procurement procedure can not be achieved minimally before the month of March of any year (based on the current practice, because also of the time limits of complaints such period varies in the months of April-May).

Under these conditions, Contracting Authorities (after conducting the negotiated procedures without prior publication in order to fulfill their needs at the beginning of the year, as was above analyzed), find themselves again in “emergency situation” for necessary goods and services, which lead them to the usage of negotiated procedure without publication.

We emphasize that unlike the abovementioned acts, the procurement legislation does allow the procurement procedure to be commenced right after the approval of the budget (it is not required that the relevant budget has passed to the account of Contracting Authority) until the phase of winner’s announcement. It does not allow the contract to be concluded when the said budget has not passed to the account of Contracting Authority. Thus, it is not an administrative obstacle for the performance of transparent procedure.

- Another reason “of stimulating” the negotiated procedures without publication is the duration of procurement procedure, especially when a complaint to the Public Procurement Commission was submitted. In some of the cases monitored by PPA, justification of contracting authorities for using such procedure was related to the non-completion of the competitive procedure as a result of complaint review to the Public Procurement Commission.
- Another frequent reason for using this procedure, in respect of procurement procedures carried out by the Central Purchasing Body, is related to the uncovered needs due to the time period required to conduct a procedure by the CPB, which based on the current practice is not finished before the month of April-May of the year.

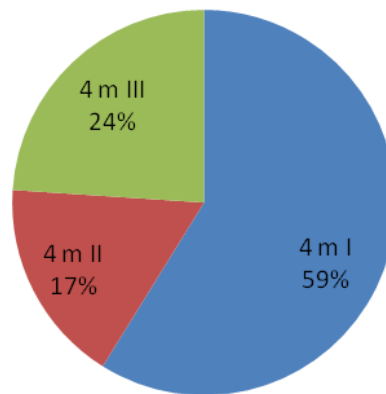
The analysis on reasons leading to use of negotiated procedures without prior publication of the contract notice, as was previously presented, is served by the data presented in the below table, where it is clearly noted that almost half of all negotiated procedures without publication performed during 2014 (1092 from 2121), were carried out only in the period January-March 2014.

Total no. of awarded procedures	1092
Total procured limit fund	1,709,996,852
Total offered fund without vat	1,694,561,612

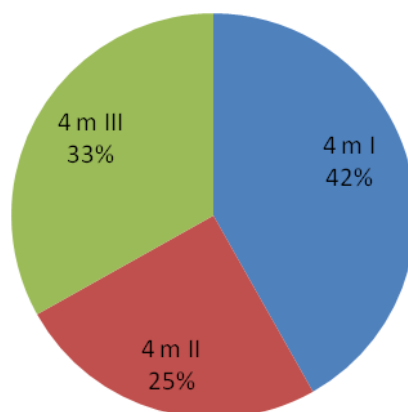
% occupied by the total offered fund versus the procured limit fund	99.1%
Total saved fund	15,435,240
% occupied by saved fund versus procured limit fund	0.9%

Furthermore, based on the data illustrated by the following diagrams come out that the highest percentage both in number and value of negotiated procedures without publication is conducted during the first four months of 2014.

% e numrit të procedurave me negociim pa shpallje paraprake të zhvilluara gjatë vitit 2014, e ndarë në 4 mujore.



**% e fondit të prokuruar me procedurat me negociim pa shpallje
paraprake të zhvilluara gjatë vitit 2014, e ndarë në 4 mujore.**



Translation of the diagrams text

Albanian	English
% e numrit të procedurave me negociim pa shpallje paraprake të zhvilluara gjatë vitit 2014, e ndarë në 4 mujore	% of the number of negotiated procedures without publication carried out during 2014, divided to 4 monthly periods
% e fondit të prokuruar me procedurat me negociim pa shpallje paraprake të zhvilluara gjatë vitit 2014, e ndarë në 4 mujore	% of the fund procured by negotiated procedures without publication carried out during 2014, divided to 4 monthly periods

With the aim to minimize the cases using the negotiated procedures without publication is firstly important to be coordinated the budget and procurement systems, thus to be stimulated the performance of procurement procedures even the budget is not yet passed to the account of Contracting Authorities (with the condition to not conclude the contract unless contracting authorities have the relevant budget). Consequently, it is gained the necessary time for conducting the competitive procedure and is avoided the stimulation of fictive emergency situations that lead the contracting authorities to use negotiated without publication procedures.

Likewise, in the framework of such measure, it is very important to discipline the time limits of two main institutions that directly influence to the timely fulfillment or not of a need of contracting authority, as they are the Public Procurement Commission and the Central Purchasing Body, on the reasons analyzed above.

Despite the said analysis and the number of negotiated procedures without prior publication of the contract notice, it is worth mentioning the fact that the limit fund procured with this type of procedure is lower in 2014 compared to 2013.

More specifically, the data in a summary and comparative table between 2013 and 2014 are presented hereunder.

Year	2013	2014
Total number of published electronic procedures	4,152	5,288
Total limit fund of published electronic procedures	52,181,980,979	60,105,670,018
Total number of awarded electronic procedures	3,439	4,673
Total limit fund of awarded electronic procedures	43,922,603,793	43,681,194,164
Total procured fund of awarded electronic procedures	40,701,653,730	39,909,532,128
Total number of awarded negotiated procedures without publication	1,713	2,121
Total procured limit fund of negotiated procedures without publication	8,459,515,339	5,646,826,542
Total offered fund of negotiated procedures without publication	8,202,656,551	5,566,688,557
% occupied by number of awarded negotiated procedures without publication versus total number of awarded procedures (electronic+negotiated without publication)	33.2%	31.2%
% occupied by limit fund of negotiated procedures without publication versus total limit fund (electronic+negotiated without publication) for awarded procedures	16.1%	11.4%
% occupied by offered fund of negotiated procedures without publication versus total fund (electronic+negotiated without publication) for awarded procedures	16.8%	12.2%
Total number of awarded procedures (electronic+negotiated without publication)	5,152	6,794
Total procured limit fund of awarded procedures (electronic+negotiated without publication)	52,382,119,132	49,328,020,706
Total offered fund of awarded procedures (electronic+negotiated without publication)	48,904,310,281	45,476,220,685
% occupied by offered fund versus procured limit fund	93.4%	92.2%
Total saved fund	3,477,808,851	3,851,800,021
% occupied by saved fund versus procured limit fund	6.6%	7.8%

7.1.7 Small value procurement procedures

Besides the procurement procedures above the small value procedures threshold (400.000 ALL without vat), since 2013 small value procurements are conducted in the electronic procurement system. The relevant data of 2014 are clear indicators of the high rate of use of the electronic system by contracting authorities.

The number of procedures conducted during 2014 was significantly increased as compared to the number of such type of procedure carried out in 2013, and specifically, during 2014 were conducted 46,537 procedures, while during 2013 were conducted 28,778 procedures.

Moreover, the number of procedures successfully completed during 2014 is higher compared to 2013 and specifically, small value procedures completed in the electronic procurement system in 2014 is 31,164, while in 2013 this number was 17,329.

More detailed data on small value procurement procedures conducted in the electronic system during 2014 are presented in the following table:

No. of Small Value Purchases	46,537
Total limit fund of Small Value Purchases	9,175,402,305
Total procured fund of Small Value Purchases	7,846,040,916
Total No. of Small Value Purchases which have continued	31,164
Total No. of incomplete procedures (canceled, etc)	15,373
% occupied by procured fund versus limit fund	85.5%
Total saved fund	1,329,361,389
% occupied by saved fund versus limit fund	14.5%

7.2 Statistics in relation to the number of concession/ppp procedures

Number of concession/ppp procedures published to be conducted in the electronic procurement system and number of canceled procedures are presented in the following table:

Concession/ppp procedures	Number of procedures
Procedures published to be conducted	9
Procedures completed with winner	6
Procedures in process	3
Canceled procedures (published to be conducted during 2013)	36

7.3 Statistics in relation to public auctions procedures conducted in 2014

During 2014, in the Public Notices Bulletin were also published public auction procedures, which are conducted only in paper form. The number of winner and signed contract notices as well the respective values for auction procedures in 2014 are presented in the following table:

Public auction procedures	No.	Offered value
Winner auctions	222	806,775,564
Contract auctions	102	372,205,609

8. ACTIVITY INDICATORS OF THE INFORMATION TECHNOLOGY DIRECTORATE

During 2014, the Information Technology Directorate (hereinafter ITD) in cooperation with institutions as National Agency for Information Society made significant improvements to the Electronic Procurement System infrastructure (hereinafter EPS) with the aim to increase this system's safety. Such cooperation was successful towards the safety of EPS and its Electronic Archive System.

Some of the main activities performed in this regard are as follows:

- ITD finished successfully the *upgrade* process of operating and database system in the period 13.03.2014 – 24.05.2014, which are currently operating with Windows 2012 R2 and SQL Server 2008. As a result of such process, in terms of information technology, EPS incurred increasing of performance and of information safety. Moreover, this development provides a positive impact as concerns the system access and further facilitates the work of its users.
- Likewise, by the ITD were taken all the measures to install the new safety certificate SSL (*Secure Socket layer*) providing secure communication between users and the system, without any interruption. Currently EPS is provided with safety certificate offered by “GlobalSign GMO Internet Group” up to 06.07.2016.
- In December 2014, ITD implemented successfully the service related to *Upgrade and implementin of Back Up solution for EPS*, thus increasing the data safety being stored in it.
- Was realized the increasing of servers' hardware capacities (increase of RAM).
- Provide of solution to various hardware and software problematics, during the everyday work.
- Countinuous improvement of the interface, in order to improve and facilitate the work of EPS users.

Furthermore, other duties of ITD in 2014 were the following:

- Preparation and continuous publication of notices and instructions regarding the archiving process of procedures by Contracting Authorities. The archiving process enables the operational system to be significantly eased, reducing more and more the number of procedures stored in it, and consequently facilitating the work of system's users (Contracting Authorities, Economic Operators, Auditors).
 - Enriching the official website of PPA with updated information regarding the procurement process, through publication of the following materials:
-

- Publication of **53** weekly bulletins.
- Publication of updated legislation, decisions, instructions, reports, training modules etc, accounting for a total of **23 documents**.
- Publication of **22** different notifications of technical aspect regarding the functioning of the system.
- Publication of new Standard Tender Documents, accounting for a total of **30 documents**.

Some of the key points, to which a special and permanent importance was given, include the following:

- Monitoring the physical infrastructure of the EPS and Electronic Archive System.
- Monitoring the performance of hardware components in the EPS and Electronic Archive System.
- Monitoring the performance of the application in the EPS and Electronic Archive System.
- Continuous monitoring of database in the EPS and Electronic Archive System.
- Performing the backup and its storage in the Datacenter of the National Agency for Information Society.
- Continuous improvement of EPS safety and Electronic Archive System.

A major challenge, which the ITD has faced is keeping of the EPS online 24 hours 7 days a week, except for the cases when its setting 'offline' for a specified period of time, which was necessary to carry out the required services, was announced through a notification to the PPA official website. The specialists of ITD were for a total of about 2400 hours of overtime on duty in 2014 during the weekends and official holidays, monitoring the operation of the EPS and Electronic Archive System.

The work of ITD resulted to the safe administration of a total data of:

561 GB (602,749,889,024 bytes) of the EPS, and
6.58 TB (7,234,786,510,766.08 bytes) of the Electronic Archive System.

8.1 Providing technical assistance inside and outside of the PPA

Technical support which is provided to all contracting authorities and all domestic and foreign economic operators using the eps, through e-mails, telephone or consultations at the PPA premises is a daily work of this directorate. It is worth mentioning that the ITD received a number of about **60** calls per day.

During 2014 ITD prepared the following:

- A total of **2230** paperwork where are included the following:
 - Creation accounts as Contracting Authority Admin and Economic Operator, and password retrieval to the initial condition;
 - Explanatory letters for Contracting Authorities and Economic Operators;
 - Letters for sending data and collaboration with other institutions;
 - Internal memos and memos for cooperation with the Legal, Monitoring and Publication Directorate of the PPA.
- **3340** e-mails were sent to the following:
 - Economic operators (for confirmation of registrations made online, for retrieving the password to the initial condition, for explanations, instructions and complaints);
 - Contracting authorities (for explanations and instructions of technical character);
 - Other institutions (for sending data and information).

Providing of technical assistance by the ITD was also carried out through various training activities, which were organized by PPA and the School of Public Administration, where IT specialists have covered the sessions about using the electronic procurement system.

During 2014, the ITD worked intensively with the Legal, Monitoring and Publication Directorate to improve the instructions and manuals for the EPS users, who have been described above in this analysis. These guidelines are very detailed and contain drawings of the system, by technically following each stage of small value procurement procedure, viewed by all the EPS users' role.

Cooperation of the ITD with the Legal, Monitoring and Publication Directorate was very productive also in terms of identifying the problematic cases and solving them, as well as in terms of improving the electronic procurement system, in conformity with the legislation in force.

8.2. Creation of new users in 2014

In 2014, **9233** new users were created in the electronic procurement system, and they are respectively as follows:

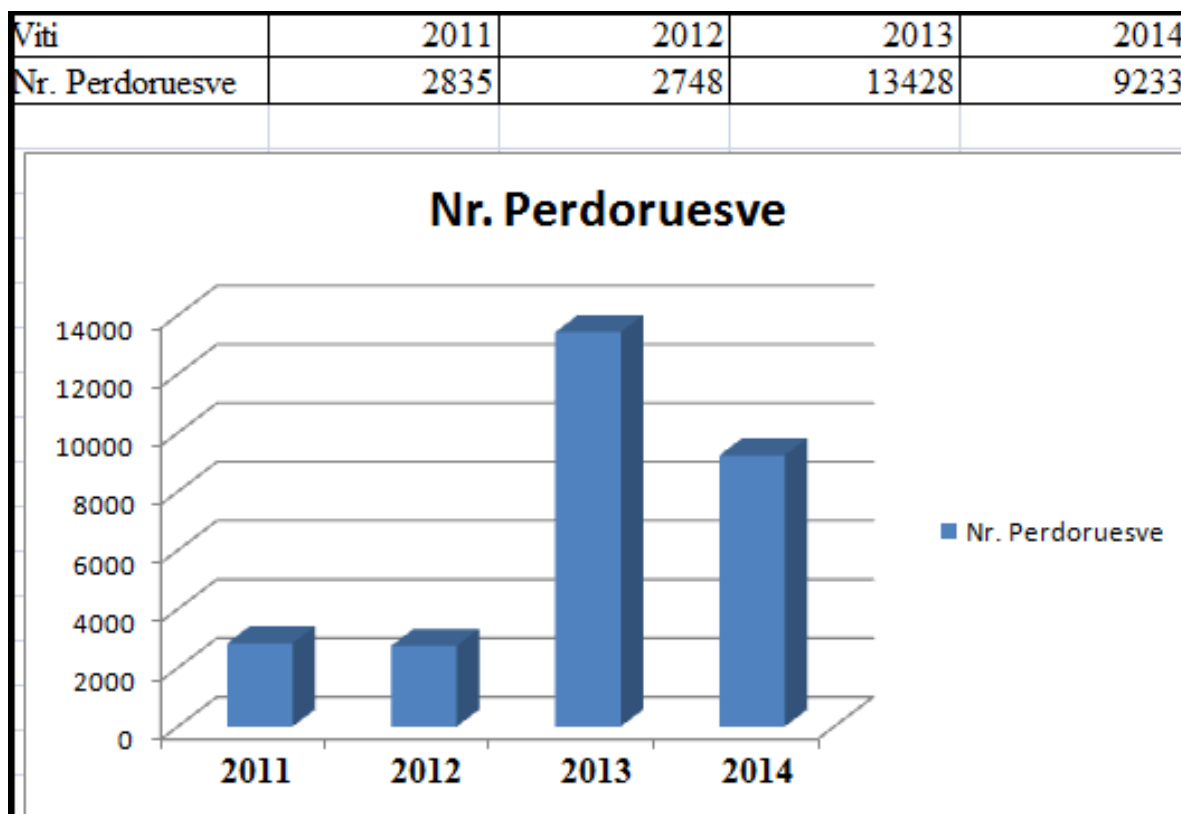
By the ITD during 2014 were created **91** new accounts “Administrator” for Contracting Authorities in the EPS. Total number of Contracting Authorities using EPS is **2193**.

These Contracting Authorities during 2014 created the following:

- **3858** user accounts for members of the Procurement Unit,
- **4715** accounts for Offers Evaluation Commission,
- **569** accounts of Complaints Review Commission and of Audit.

Currently, the total number of users by the contracting authorities is **34713**.

The following graphic provides the number of users of the electronic procurement system within the Contracting Authorities, created respectively in 2011, 2012, 2013 and 2014. The graphic shows clearly a larger number of users created in 2013, compared to 2011, 2012 and 2014. Such difference is explained by the fact of conducting electronically the small value procurement procedures **for the first time** in 2013.

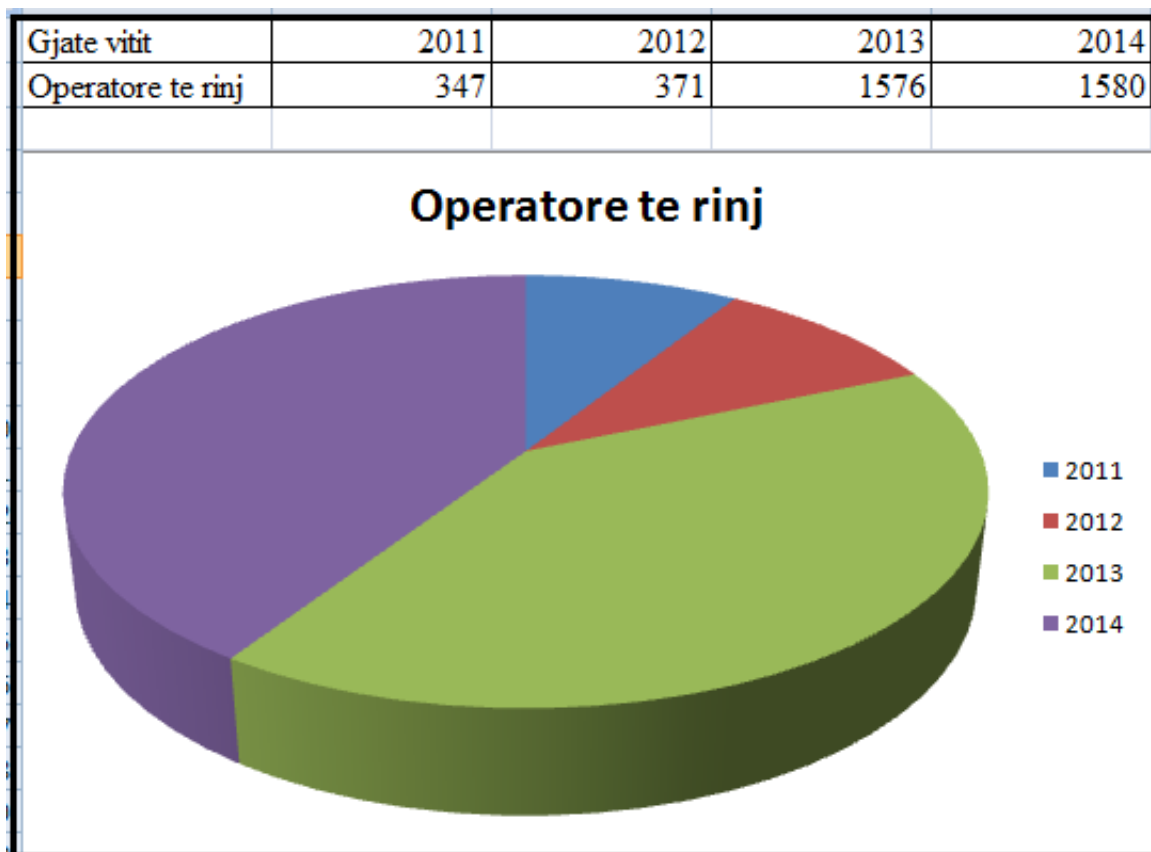


Translation of the chart text

Albanian	English
Viti	Year
Nr. Perdoruesve	Number of users

In 2014, there were registered in the electronic procurement system **1580** new economic operators, where **173** of them are foreign economic operators.

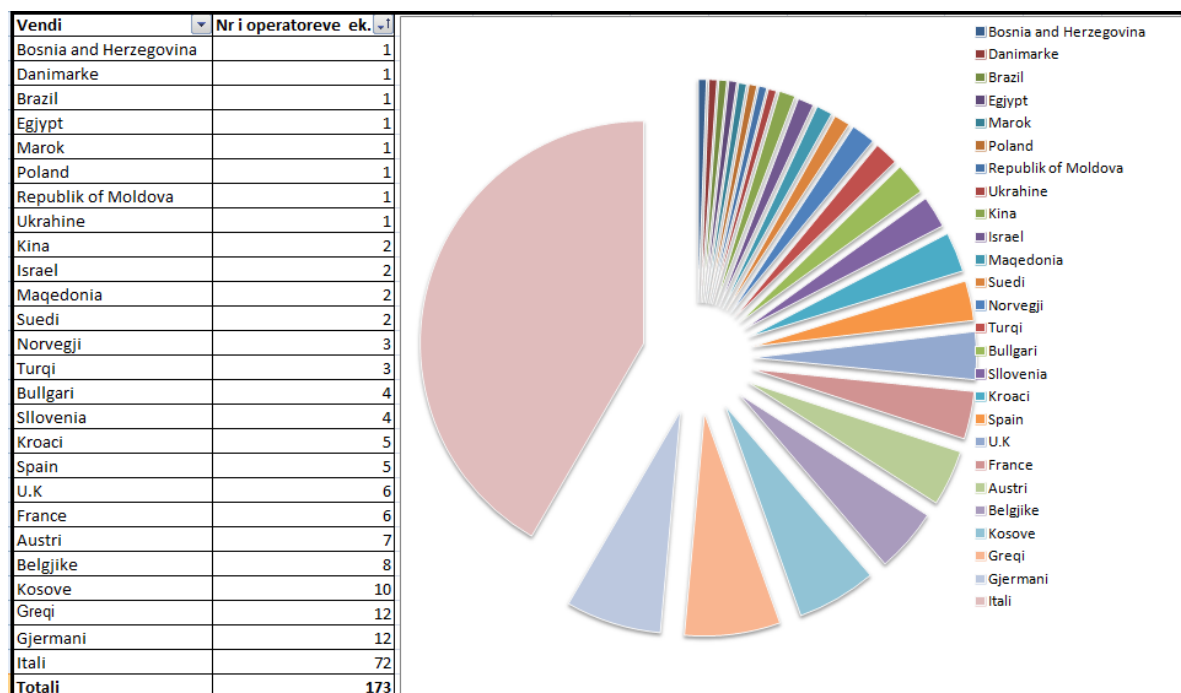
The chart below shows the number of new users of the electronic procurement system that were created respectively in 2011, 2012, 2013 and 2014 by the economic operators. It is clearly noticed a larger number of users created in 2013 and 2014 than those in 2011 and 2012. Such difference is due to the fact of conducting electronically for the first time in 2013 the small value procurement procedures.



Translation of the chart text

Albanian	English
Gjate vitit	During the year
Operatore te rinj	New operators

Likewise, the chart of foreign economic operators according to the countries, registered in the EPS is presented as follows:



Daily work of ITD consists in the support of users within PPA and management of the internal computer and telephone network.

8.3 Statistics in relation to the procedures created in the electronic system

Total number of applications created by the Procurement Units in Contracting Authorities in 2014 in the electronic procurement system is **55.536**, out of which:

- **46.537** are applications for small value procurements, where **31.164** were finished with winner.
- **8.999** are applications for consultancy services procedures, design contest, negotiated procedures with prior publication of the contract notice, open procedures, request for proposal, restricted procedures, above and below the high value threshold, where **5.288** were published and called for offers in the Electronic Procurement System.

The chart below shows the ratio of small value procedures with the procedures above 400.000 ALL, where it is clearly indicated a larger volume occupied by the small value procurement procedures against the other procedures.



Translation of the chart text

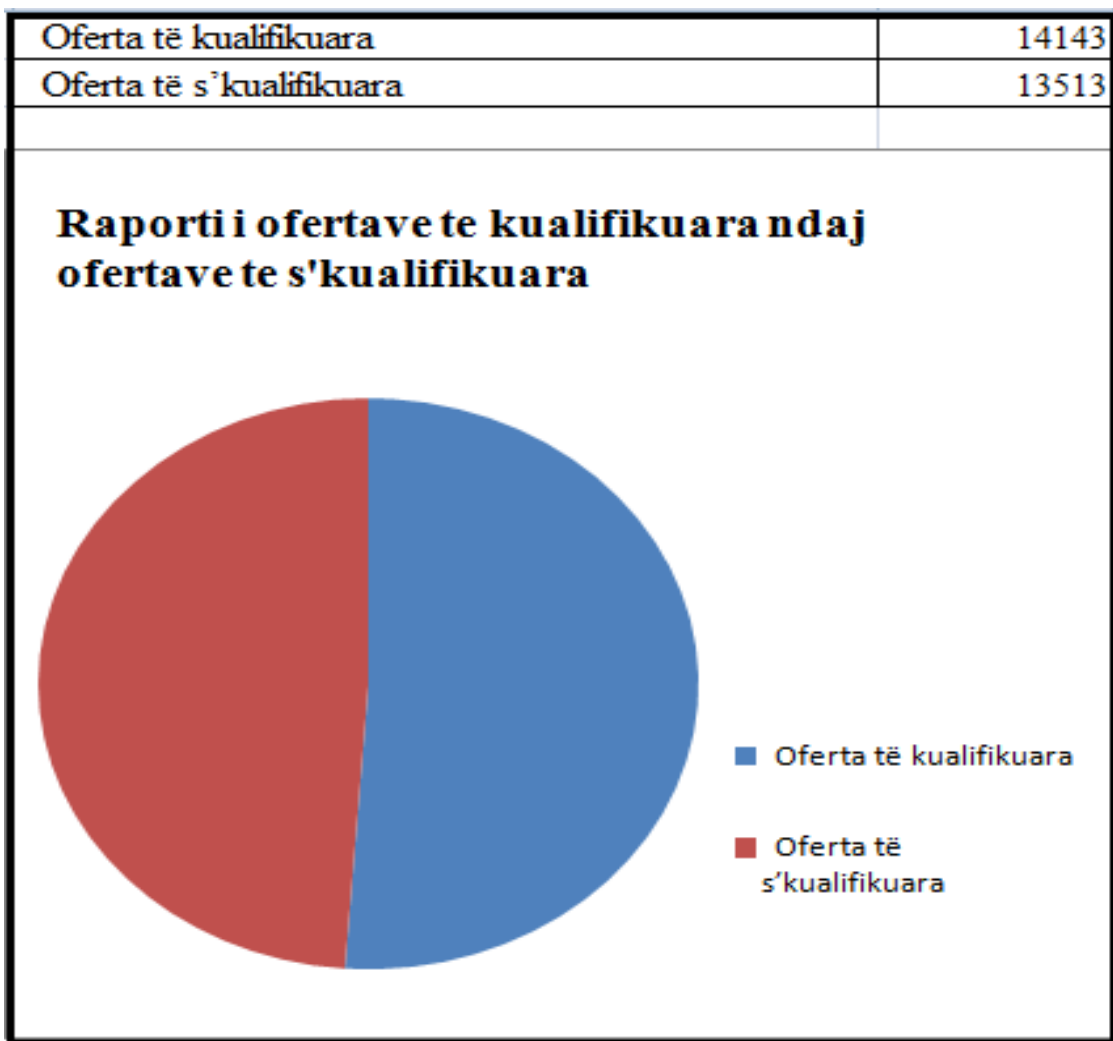
Albanian	English
Prokurime me vlere te vogel	Small value procurement procedures
Prokurime me vlere mbi 400.000 leke	Procurement procedures above 400.000 ALL
Raporti i procedurave mbi vleren 400.000 leke me procedurat me vlere te vogel	The ratio of procedures above 400.000 ALL versus the small value procedures

8.4 Statistics in relation to the offers created in the electronic system for procedures of value above 400.000 ALL

During 2014, were submitted in the EPS 27.656 confirmed offers by the economic operators, out of which:

- 14.143 qualified offers;
- 13.513 disqualified offers.

The following chart reflects the ratio of qualified offers by Offers Evaluation Commissions against those disqualified.



Translation of the chart text

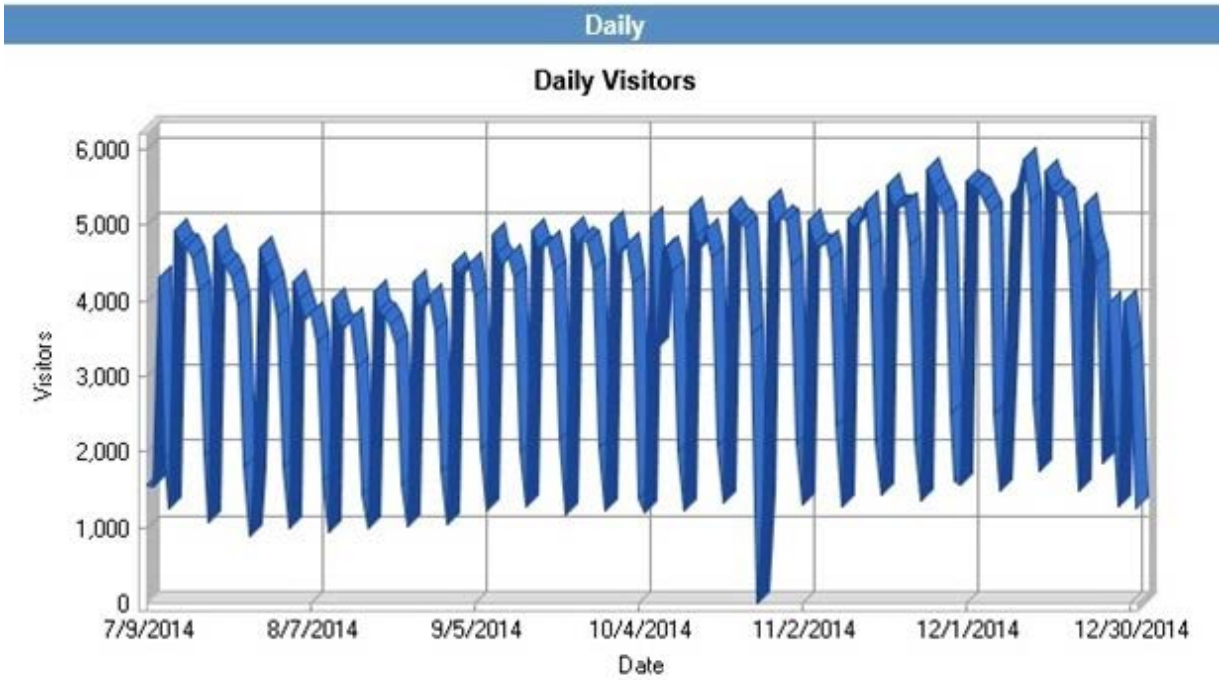
Albanian	English
Oferta te kualifikuara	Qualified offers
Oferta te s'kualifikuara	Disqualified offers
Raporti i ofertave te kualifikuara ndaj ofertave te s'kualifikuara	The ratio of qualified offers against the disqualified offers

8.5 Other statistics in relation to the use of Electronic Procurement System

In the Electronic Procurement System for 2014 are the following:

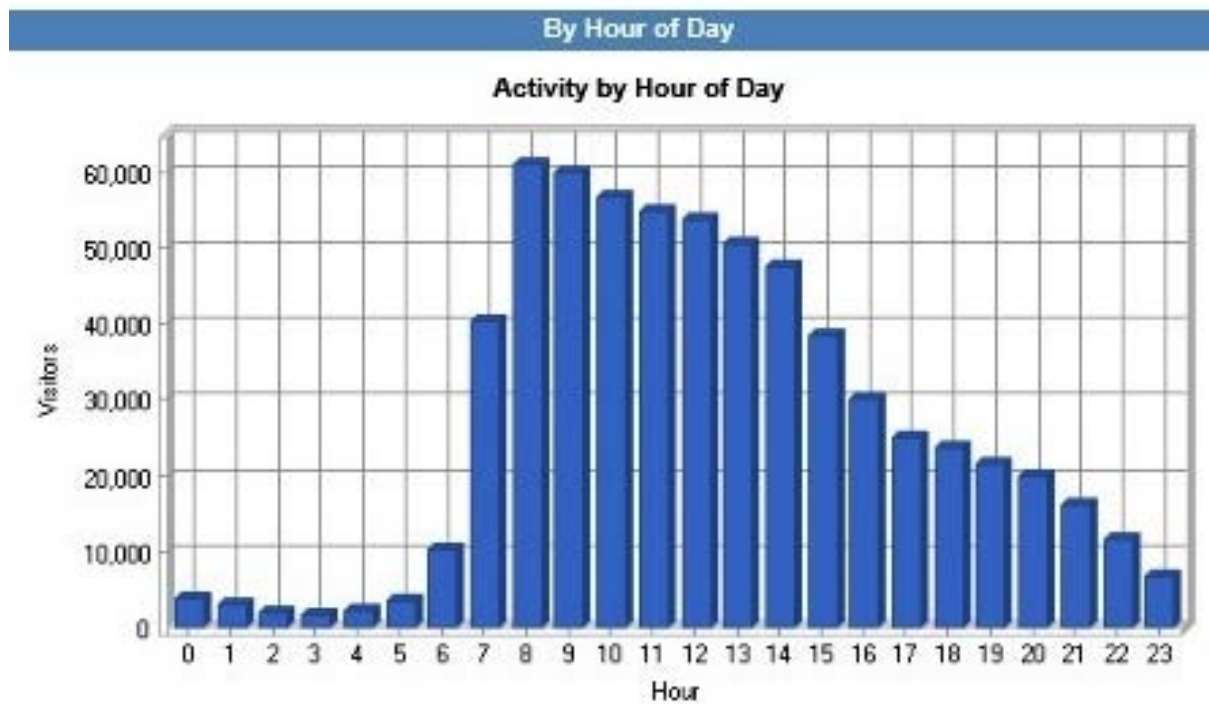
Hits	
Total Hits	133,321,060
Visitor Hits	133,166,378
Spider Hits	154,682
Average Hits per Day	757,506
Average Hits per Visitor	206.98
Cached Requests	47,597,694
Page Views	
Total Page Views	57,721,620
Average Page Views per Day	327,963
Average Page Views per Visitor	89.71
Visitors	
Total Visitors	643,393
Average Visitors per Day	3,655
Total Unique IPs	52,374

The following chart reflects the distribution of visitors per day and hits per day according to months:

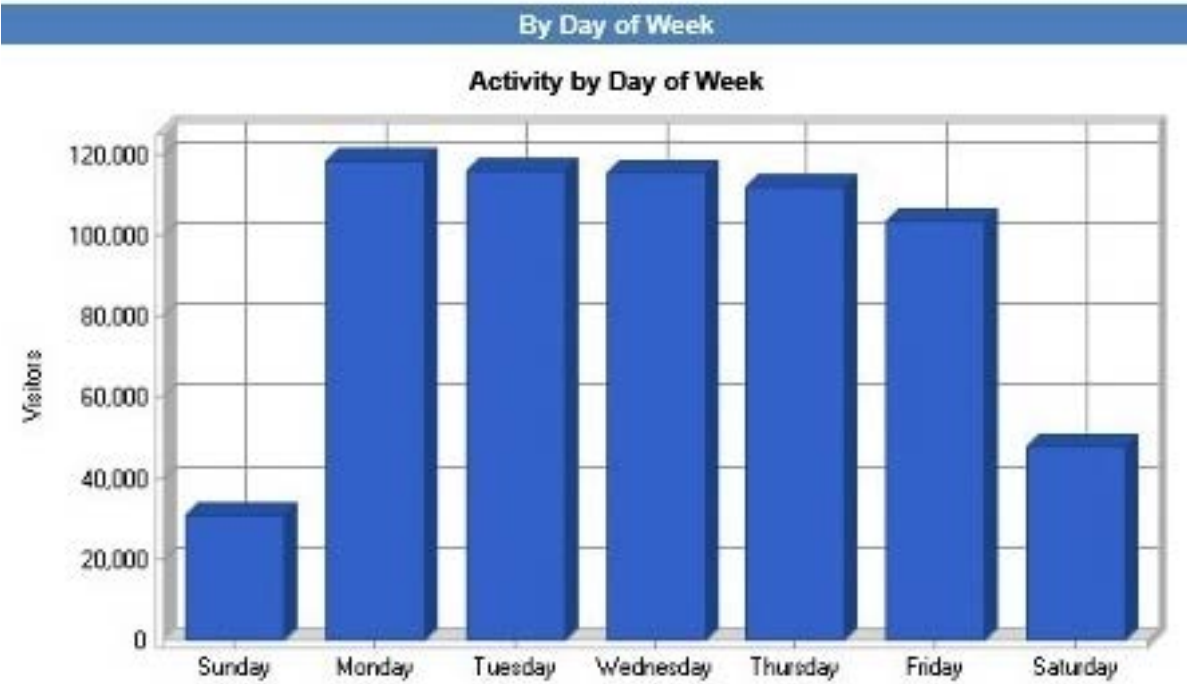




Below is presented the activity of users according to day hours. This chart shows that the busiest time is during working hours, although the data clearly show as well use of the system during night hours:



Moreover, the following chart illustrates the activity of users during week days, where is clearly seemed use of the system as well during weekend days:



The following chart reflects the activity of users according to months:

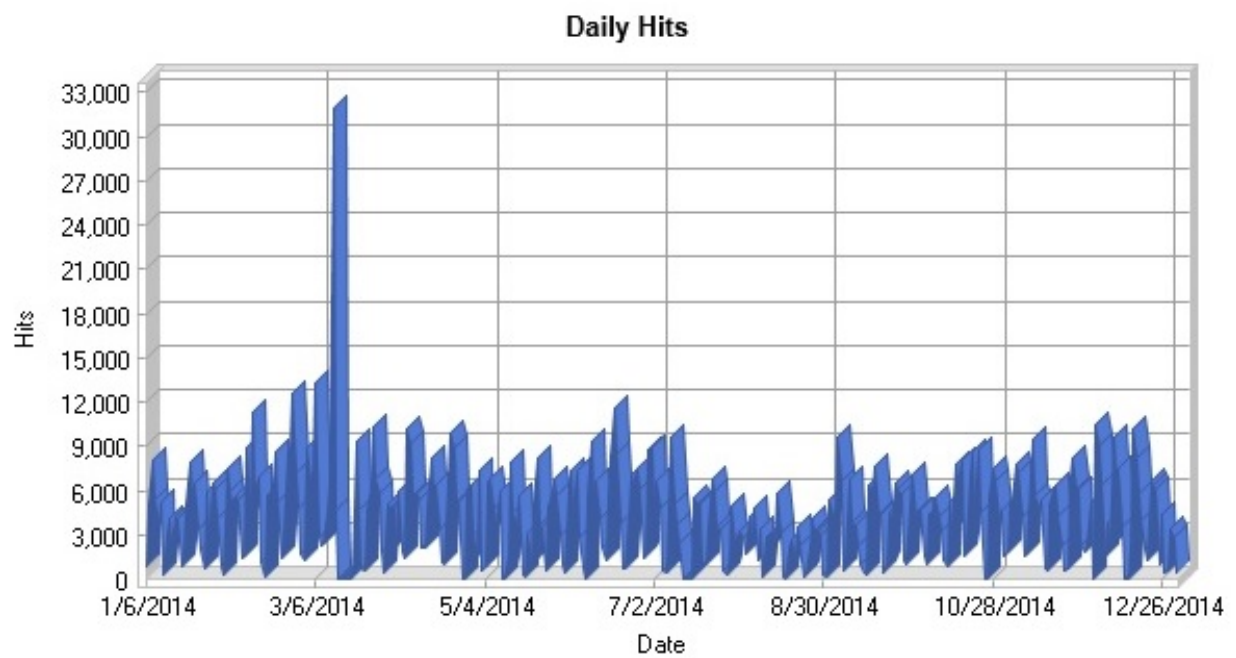


8.6 Statistics in relation to the use of Public Procurement System Electronic Archive

The following chart reflects the statistics regarding the access to the Electronic Archive System of Public Procurement.

Hits	
Total Hits	1,507,795
Visitor Hits	1,491,774
Spider Hits	16,021
Average Hits per Day	4,188
Average Hits per Visitor	69.95
Cached Requests	516,547
Page Views	
Total Page Views	609,443
Average Page Views per Day	1,692
Average Page Views per Visitor	28.58
Visitors	
Total Visitors	21,326
Average Visitors per Day	59
Total Unique IPs	5,976

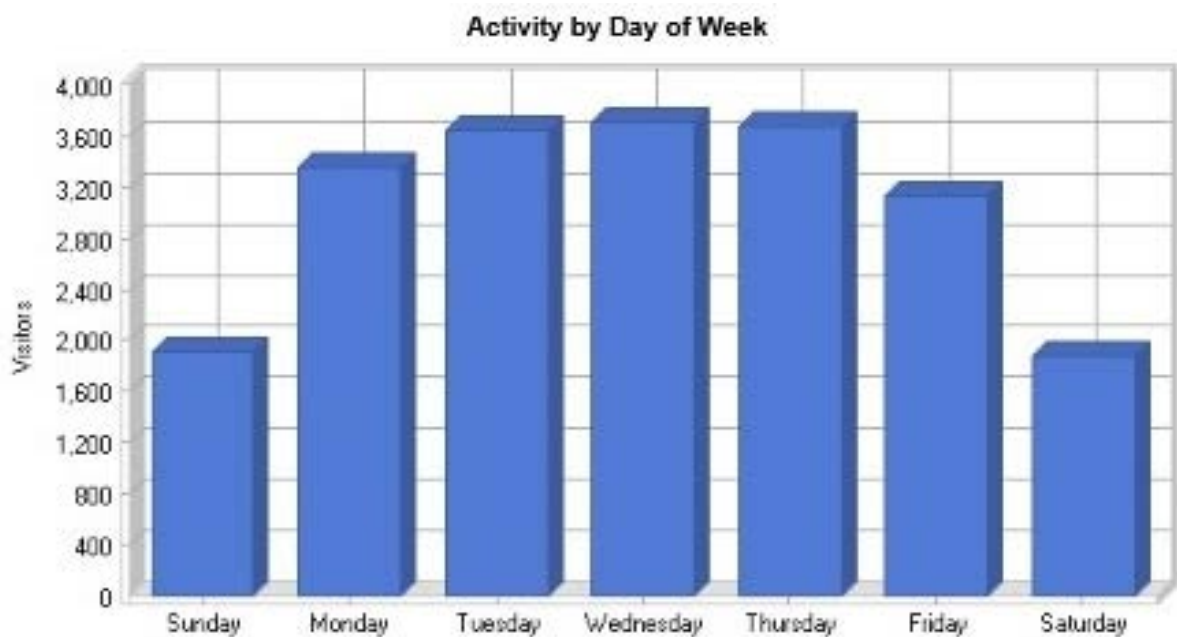
The following chart reflects the distribution of visitors per day and hits per day according to months:



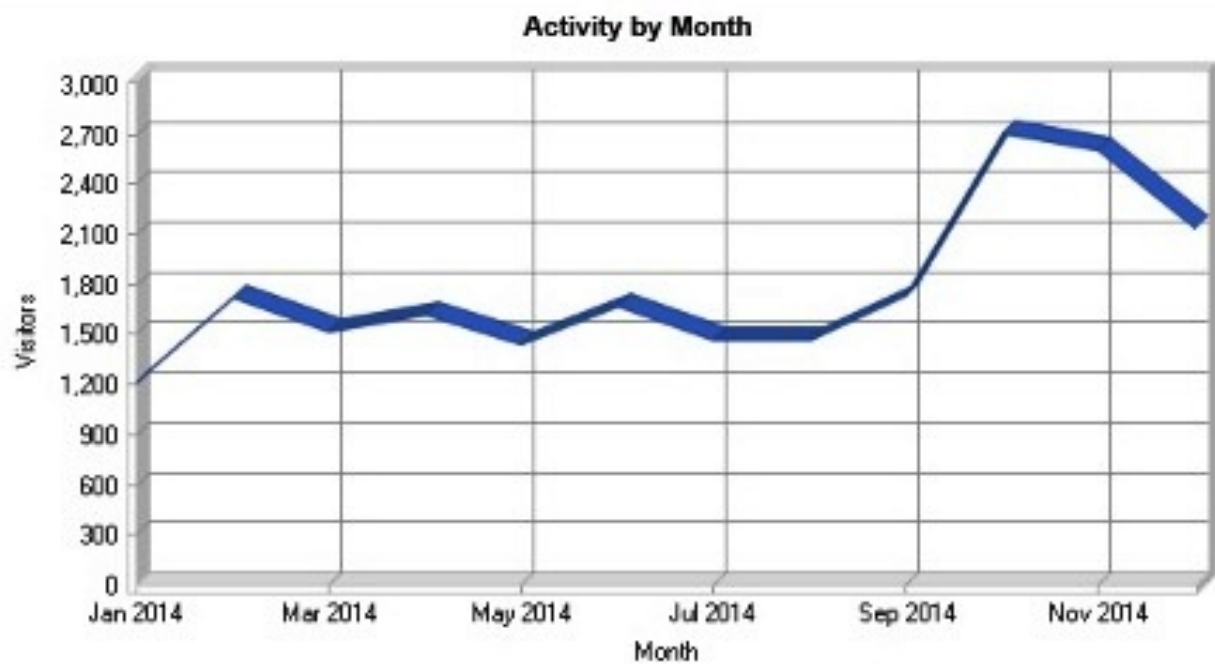
Below is presented the activity of users according to the day hours. This chart shows that the busiest time is at midday:



Furthermore, the following chart illustrates the activity of users during the week days, where it is clearly seemed use of the system as well during weekend days:



The following chart reflects the activity of users according to months:



9. ACTIVITY INDICATORS OF HUMAN RESOURCES MANAGEMENT, INTEGRATION AND FINANCE

9.1. Human Resources Management

As it was mentioned at the beginning of this report, during 2014 Public Procurement Agency exercised its legal activity with 23 employees, organized in two main directorates; Legal, Monitoring and Publication Directorate and Information Technology Directorate.

After the Law No. 152/2013 “On Civil Servant”, of 06.02.2014, was entered into force, in the Public Procurement Agency was verified the relevant documentation of nomination for every employee, and at the end of such process Department of Public Administration, as the responsible institution to declare the employee status, in accordance with the legal provisions confirmed as follows:

- 1 (one) member of TND (Body of Civil Servants of High Leading Level) – General Director of PPA;
- 16 (sixteen) confirmed civil servants - (2 Directors of directorates +14 specialists);
- 4 (four) civil servants in probation at specialist level;
- 2 (two) employees, their activity is regulated by service contract.

9.1.1 Responsible Authority

The responsible Authority of the institution has been regularly in touch with the High Inspectorate of Declaration and Audit of Assets and it has reported the names of the persons responsible for the declaration of assets in the institution, as well it has submitted the relevant Declarations on time.

During this year, the Public Procurement Agency in compliance with the legal obligation "for the declaration and audit of assets, financial obligations of elected officials and public

servants," has deposited on time the Declaration of Periodic/Annual Private Interests of the relevant officials before starting and after leaving the duty.

9.1.2 Activities in relation to strengthening the administrative capacity of PPA staff and public procurement specialists of contracting authorities

9.1.2.a Participation of PPA staff to international activities

In the context of administrative capacity building, representatives of the Public Procurement Agency participated in 2014 in several meetings and workshops, organized within and outside the country, and more specifically this included the following:

On 27-29 May 2014, PPA was represented to the 2nd European Conference on Public Procurement, with topic "Public procurement, by the paper to the electronic form", held in Lisbon, Portugal.

On 27- 30 May 2014, two representatives of PPA participated at the 10th Regional Forum on Public Procurement, with topic "Measuring performance in public procurement", in Istanbul, Turkey.

On 9 - 10 September 2014, in cooperation with SIGMA was held in Vlora the 7th IPA Regional Conference on Public Procurement, where PPA was represented by 5 (five) employees.

9.1.2.b Trainings of PPA staff

Staff of the Public Procurement Agency has been part of ongoing trainings organized by School of Public Administration, on different topics in the field of public administration.

After the Law No. 152/2013 "On Civil Servant" was entered into force, the Human Resources staff was gone through an intensive training in the field of civil service. Also, the civil servants in probation, in accordance with the law, were gone through the obligatory training with topic "Introduction with Public Administration".

Specialists of the Information Technology Directorate participated in the training organized by ASPA on computer security.

9.1.2.c Trainings of procurement employees in contracting authorities

In order to familiarize the employees in charge with performance of public procurement procedures in Contracting Authorities of central level, Public Procurement Agency in cooperation with the School of Public Administration organized trainings in the field of public procurement.

In February 2014, PPA in collaboration with SIGMA organized 2 (two) training sessions of one day each on "Framework Agreement". In this event took part representatives of central level institutions applying Framework Agreement. Total number of participants was 49.

Special attention took the trainings on the basis concepts on public procurement, where in order to assist the newly appointed specialists on public procurement, PPA organized during the period April-September 5 (five) training sessions by 2 days each with topic "Public

Procurement Basis”.

Furthermore, based on specific needs of Contracting Authorities, Public Procurement Agency in cooperation with the School of Public Administration organized 2-days training sessions. The topics treated during these trainings were as follows:

- Procurement Basics
- Procurement of Works
- Procurement of Services
- Procurement of Goods
- Framework Agreement
- Contract Management

The following table presents the special topics and the number of participants in each of those activities.

Topic	Number of trainees
Procurement Basics	107
Procurement of Services	45
Procurement of Works	40
Procurement of Goods	41
Framework Agreement	40
Framework Agreement with SIGMA	42
Total	315

9.2 Integration

P PA continued throughout the year with the periodic reporting to the Ministry of European Integration and to the joint structures EU Albania in the framework of the European Integration process and the obligations accompanied by such process regarding the public procurement field.

On 18 March 2014 was held in Tirana the next meeting of the Stabilization and Association Committee, where PPA reported on the achieved progress in this field, concerning the required period, mainly towards further approximation of legislation and its implementation, as well towards the capacity building of institutions involved in regulating and enforcing the public procurement legislation.

On 8 April 2014 was held in Tirana the annual Subcommittee meeting of the European Union - Albania for the Internal Market and Competition, including the health and consumer protection, where PPA reported in a detailed manner on the progress achieved with reference to what is mentioned above.

Additionally, an action plan was drafted to address the recommendations, which came out of the meeting, on which PPA continuously reported to the Ministry of European Integration.

In this framework of reporting, PPA prepared the input for the chapter 5 “Public procurement”, required for the European Commission Progress Report 2014, where PPA is the coordinating institution of the mentioned chapter.

Towards further approximation of the procurement legislation with the respective European Union directives, which is an obligation undertaken with the Stabilization and Association Agreement (defined in its articles 70 and 74), during this year were prepared and approved some amendments to the law on public procurement (Law No. 182/2014).

Before the said draft law was sent for approval, were prepared the relevant compliance tables which determine the degree of compliance of each article with parts of European Union legislation that approximate.

PPA prepared the relevant part for the chapter 5 “Public procurement”, included to the National Plan for European Integration, 2014-2020. This Plan, among others, incorporate the priorities of the respective sectors, as well the short term (2014) and mid term (2015-2016) legislative measures, foreseeing not only the fulfillment of obligations arising from the Stabilization and Association Agreement, but also the approximation with the respective European Union legislation and its implementation. The national Plan 2014-2020 was approved with Council of Ministers Decision No. 438, dated 2.7.2014, “On the approval of National Plan for European Integration, 2014-2020”.

During 2014, PPA in cooperation with SIGMA prepared the strategy on public procurement system in Albania, which was afterwards included to the National Public Finance Management Strategy, 2014-2020. This strategy was approved by the Council of Ministers in December 2014.

The part of public procurement in the abovementioned strategy defines main goals in further development of the procurement system and measures required for their achievement.

Finalization of the strategy on public procurement system development has been one of the European Commission recommendations at the respective Subcommittee meeting EU-Albania, held in 2014.

Likewise, in the part of public procurement included to the abovementioned Public Finance Management Strategy, in order to address the recommendation provided during this meeting and as well the European Commission 2014 Progress Report, in this field, was foreseen the establishment of efficient mechanisms for coordination of public procurement and concessions systems.

As a member of the working group, which was led by the Ministry of Economic Development, Tourism, Trade and Enterprise, on the self evaluation of the Small Business Act policies, during this year as well PPA reported and provided the relevant comments in relation to the measures and policies foreseen in the field of public procurement in the framework of this Act.

On 9 - 10 September 2014 was held in Vlora the 7th IPA Regional Conference on Public Procurement, organized by SIGMA.

The purpose of this conference was the exchange of experience on public procurement among the participating countries, and also the promotion of knowledge on the new European Union legislation on public procurement (new procurement Directives approved in the month of February 2014).

In this activity, where PPA had the quality of the host institution, participated senior procurement officials from IPA countries, representatives of DG Internal Market, a number of experts from European Union Member States and representatives of other international organizations in the region, as World Bank, European Bank for Reconstruction and Development, Regional School of Public Administration, the Organization for Economic Co-operation and Development (OECD), etc.

9.3 Financial situation of the Public Procurement Agency in 2014

Pursuant to the law no. 185/2013, dated 28.12.2013 “On State Budget for 2014”, Public Procurement Agency has received funds from the state budget as follows:

In 000/Albanian Lek

	Description	Annual Plan 2014	Normative Act 2014	Factual 2014	In %	In value
1	Salaries Expenditures	21 494	21 494	19 704	91.7	1790
2	Social Security	3 403	3 403	3 138	92.2	265
3	Supplies Services	22 500	19 000	15 000	78.9	4000
5	Investments Expenditures	6 000	6 000	3 886	64.8	2114
	Total expenditures	53 397	49 897	41 728	83.6	8169

The main conclusion which may be drawn from the analysis of the table is that the overall expenditures of the PPA, at the end of 2014, were realized to an extent of 83.6 percent, or about 8 169 00 ALL less than the plan, which was amended by the normative act at the end of the year.

Specifically, the percentage of expenditures by items is presented as follows:

	Structure in %	Budget 2014
1	Salaries	43.2
2	Social Security	6.8
3	Supplies Services	38
4	Capital Expenditures	12
	Total expenditures	49 897

Budget expenditures for salaries and social security were realized respectively to the extent of 91.7% and 92.2%, while operating expenses were realized to the extent of 78.9%, and investments to the extent of 64.8%.

Non realization to the extent of 100% of the fund allocated for salaries and social security was due to the fact that the number of employees was not completed, specifically from approved 23 to 21 employees actually, for a period of about 7 months.

The main share of operating expenditures was occupied by the item on system maintenance to the extent of 68.7% of the total planned expenditure, or 81.8% of incurred expenditures.

From the foreseen expenditure, there were not realized to the extent of 100% the expenditures for object maintenance, electric network, computer equipments, air conditioner, travel expenses etc.

It is worth emphasizing that in saving of funds of operative expenditures influenced the online performance of small value procurement procedures, by not consuming the foreseen fund.

The investment fund of 6 000 000 ALL allocated at the beginning of the year, was realized to the extent of 64.8% or in the value of 3 886 000 ALL, which were spent for purchasing electronic equipment as foreseen. We stress that fund saving at 35.2% occurred as a result of the procurement procedure.

With regard to the accounting and synthetic and analytical bookkeeping, the accounting actions were carried out in conformity to legal provisions in force, while debtor and creditor dues were followed systematically.

PPA does not have unpaid bills for services performed during 2014.

10. RELATIONS OF THE PPA WITH THIRD PARTIES

During 2014, in addition to written communications, PPA employees provided explanations and advice to institutions representatives and also in meetings held at PPA premises. During this year, PPA employees were host to meetings with representatives of Contracting Authorities and Economic Operators. These meetings were held with the General Director and with representatives of the Legal, Monitoring and Publication Directorate and the Information Technology Directorate.

11. CONCLUSION

Based on the analysis of the Public Procurement Agency activity during 2014 and its commitments at the end of 2013 (as expressed in the 2013 annual report), it is noticed that even though very ambitious having regard the number of PPA staff, these commitments were fulfilled.

In a summary, the main achievements of PPA during 2014 were as follows:

- It was drafted the Strategy on Public Procurement System, which was included to the National Public Finance Management Strategy, 2014-2020, and was approved as such with Council of Ministers Decision;
- It was realized the monitoring of 82 procurement procedures in 52 Contracting Authorities and of 1 concession procedure;
- It was realized the *upgrade* process of operating and database system, which are currently operating with Windows 2012 R2 and SQL Server 2008. As a result of such process, in terms of information technology, EPS incurred increasing of performance and of information safety;
- It was realized the service related to *Upgrade and implementimin of Back Up solution for EPS* and consequently was increased the data safety being stored in it;
- It was realized the increasing of servers' hardware capacities (increase of RAM) and countinuous improvement of the interface, in order to improve and facilitate the work of EPS users;
- It was improved the safety of EPS and of Electronic Archive System;
- There were trained 315 procurement officials of Contracting Authorities.

In addition to the abovementioned, during 2014 PPA realized also other objectives beyond these commitments, where as most important we emphasize the legal and sub-legal amendments approved in December 2014, as were analyzed in detail in this report.

Fulfillment of these commitments is in the same line with the recommendations of Albania 2013 Progress Report of the European Commission, which were mainly focused to the need for strengthening the capacities and professionalism of officials in charge of conducting public procurement procedures.

Likewise, during 2014, PPA not only continued to successfully administer the electronic procurement system, enabling for all procurement procedures to be conducted in the electronic system, but as well it achieved to improve the functionalities of this system as above analyzed.

However, the work for the system maintenance and the administration of all infrastructure required for the application of such system by Contracting Authorities and its continuous improvement is still a challenge that PPA will continue to face during 2015.

As indicators of PPA work results and of the public procurement system in general serve also the statistics generated by the electronic procurement system, where it is clearly noticed the

number of conducted procedures, the large number of participants, as well the fund saved in these procedures.

The indicators of 2014 in this field were significantly increased compared to those mentioned to the Albania 2014 Progress Report of the European Commission, where those indicators referred to the years of 2012 and 2013. Thus, during 2014:

- Was increased the number of conducted procedures, compared to 2013;
- Was significantly increased the number of monitored procedures, compared to 2013;
- Was increased the number of fines and their range as well the number of disciplinary measures set, compared to 2013;
- Was increased the number of won judicial cases, compared to 2013;
- Was decreased the limit fund procured with the negotiated procedure without prior publication, compared to 2013.

All the abovementioned results were achieved, regardless of the relatively small number of PPA staff as compared to the tasks deriving for this institution by the respective legislations on public procurement, concessions and ppp and public auction.

Nevertheless, recommendations to be met still remain in order to further improve the public procurement system in Albania, where among the most important ones remain the integration of the procurement system with the budget system with the aim to increase the efficiency on public procurement, the integration of procurement and concessions systems as well the capacity building of PPA and contracting authorities to effectively enforce the procurement legislation.

Despite the progress and achievements as made during 2014, in order to carry out the tasks and further fulfill the commitments undertaken in the field of public procurement, PPA has several priorities for 2015. We would emphasize the following priorities:

- Staff increasing of the Public Procurement Agency and the review of its structure, with purpose the work reorganization in order to maximize the performance in exercising the legal duties;
- Stimulate the application of Framework Agreement, as a means that provides competition and transparency in conducting the procurement procedures also in the event of unforeseen situations. Use of the said means would directly influence to the reduction of use of negotiated procedures without prior publication of the contract notice;
- Minimize cases of the use of negotiated procedures without prior publication of the contract notice;
- Increase the number of monitorings for procurement procedures with the aim to control the procurement law enforcement and to instruct contracting authorities for the improvement in the future of their activity in this regard;

- Training of procurement officials of contracting authorities, on purpose the capacity building towards the performance increasing of contracting authorities in this regard. This activity becomes necessary when the public procurement legislation has been amended;
- Establish and implement the new portal of Public Procurement Agency with the aim to facilitate its usage and the access to information by any interested;
- Further develop and improve the Electronic Procurement System through “Service on Automation of simple historic Extracts” by the National Registration Center, with the aim to minimize the documents loaded in this system;
- Increase the security of access to the electronic procurement system for economic operators, when providing the credentials of log-in;
- Improve the functionality of the electronic archive and increase its capacities to withstand the increasing number of procurement procedures being conducted in the platform of electronic procurement system;
- Increase the safety of data transmission through the electronic procurement system;
- Increase the physical safety of hardware equipments, including the creation of a secure environment for backup storage.