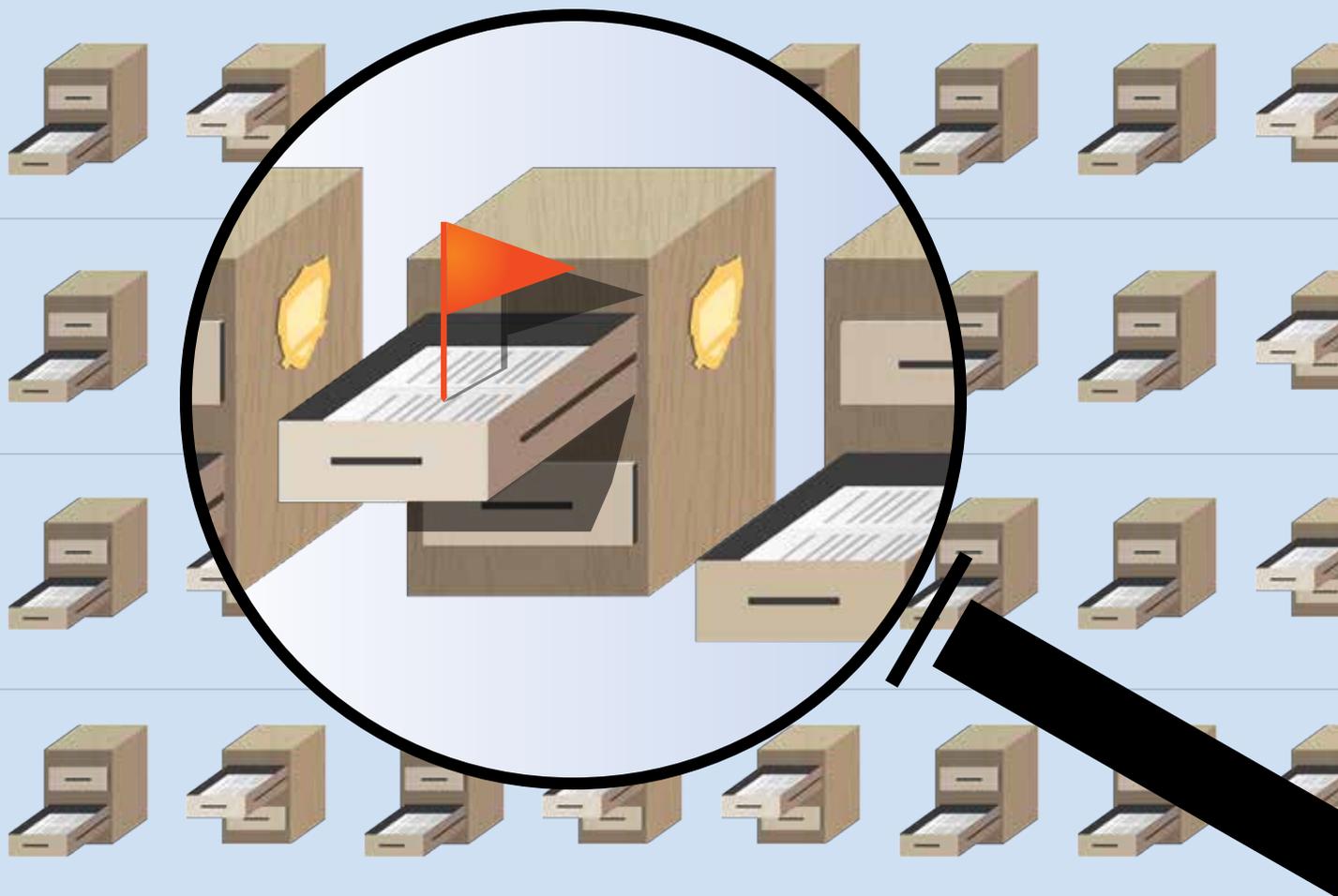


Vladimir Erceg

The Cost of Security

Procurement Performance in the Ministry of Interior of the Republic of Serbia



Vladimir Erceg

**THE COST OF SECURITY –
PROCUREMENT PERFORMANCE
IN THE MINISTRY OF INTERIOR
OF THE REPUBLIC OF SERBIA**

BELGRADE
2017

European Union Programme “Civil Society Facility Serbia 2013”

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Publisher

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Printing

Unagraf

Copies

250

ISBN

978-86-6237-136-2

Belgrade, 2017



This publication has been produced with the assistance of the European Union and Office for Cooperation for Civil Society of the Serbian Government in the framework of the project “PRO-CURE: Strengthening Civil Scrutiny of Procurement Performance in the Security Sector”. The contents of this publication are the sole responsibility of the publisher and can in no way be taken to reflect the views of the European Union or the Serbian Government.

This policy paper has been prepared in the framework of the TRAIN Programme 2017 (Think Tanks Providing Research and Advice through Interaction and Networking), which is supported by the German Federal Foreign Office (Stability Pact for South East Europe) and implemented by the German Council on Foreign Relations (DGAP).

ABSTRACT

With austerity measures in force and a period of increasing social instability in the Republic of Serbia, the police sustain significant financial and morale damage due to the mismanagement of public funds through inexpedient and corrupt procurement practices. Improving the police procurement performance guarantees more available funds for much needed equipment, uniforms and technology. This would in turn significantly improve the effectiveness of the police force, make it more resilient to corruption and more ready for public security challenges in the future. The body responsible for police and public safety, the Ministry of Interior of the Republic of Serbia (Mol), has adopted and implemented all legally binding procurement legislation and has so far “ticked many boxes” in this field, but is yet to assess whether the procurement performance has really improved.

In an effort to assess the real state of the Mol procurement practice, this paper analyses publically available procurement data on a number of performance indicators grouped in four dimensions: transparency, procurement planning, procurement implementation and competition.

The assessment concludes that the overall rating of the Mol procurement practice is far from satisfactory and demands significant, but achievable efforts in order to improve it. For this purpose, the paper includes a number of recommendations designed to be realistically applicable and which will have an impact on the improvement of the Mol procurement performance track record.

INTRODUCTION

The public procurement system is commonly regarded as highly sensitive to all forms of corruption. A lack of accountability and transparency in this field provokes not just individual and sporadic cases of corruption, but also breeds systemic ineffectiveness of the public sector as a whole, seriously impeding the work of institutions and wasting public funds.

Procurement performance improvement measures¹ implemented in the Republic of Serbia are mostly the result of the EU negotiation process. Serbia is largely aligned with international and EU legal procurement standards, and is to be fully harmonized with the EU *acquis* by the end of 2017. Nevertheless, the EU Commission in 2016/2017 assessed that Serbia is only moderately prepared in the field of public procurement² and labelled the field as still “particularly vulnerable to corruption”.³ For now, the government’s only available tools for improving this condition are the action plans for the implementation of Chapter 23⁴ and the Strategy for Development of Public Procurement for 2014-2018⁵. These plans envisage a number of measures for strengthening control over the public procurement processes. However, these action plans lack meaningful performance benchmarks that could help to establish whether the implemented measures achieve the expected overall results.

Corruption and wasteful spending within the police endanger achieving public security objectives and cause harm to the material status and morale of the police officers, ultimately decreasing the security of the citizens. The Serbian Ministry of Interior (Mol), responsible for policing, is one of the largest public institutions in Serbia. It employs nearly 45,000 people, and its expenses swallow up a significant portion of the Serbian budget – nearly 6% (around 1.5% of the GDP). The Mol acts as a primary law enforcement actor, responsible for maintaining public safety, fighting crime and corruption. Poor procurement performance became especially noticeable during the recent years of enforcement of austerity measures and less funds available to the Mol. Due to the tight fiscal policy, the question of how to obtain value for money in the Mol became more important than ever before.

Looking from a legislation perspective, the Mol has so far “ticked many boxes”, but there is yet no assessment whether the procurement performance has really improved. In 2016, the Mol adopted an Internal Act that regulates the process of procurement procedure in detail, specifying responsibilities in the planning phase, procurement qualitative and quantitative control mechanisms, and monitoring the implementation of public procurement contracts.⁶ The Mol also enacted an internal plan for curbing corruption in public procurement,⁷ as stipulated by law. The Internal Audit Unit within the Mol exists as an independent internal actor that performs audits within the Ministry with the goal to improve the management performance of the Mol organizational units. Furthermore, after the new Law on Police was enacted in 2016, the Internal Control Sector of the Mol expanded its competences to the whole of the ministry, not just the police department, thus increasing its preventive and repressive reach to the sector competent for managing financial and material resources.⁸ These changes largely satisfy the EU negotiation obligations in the field of improving the public procurement system. However, without good procurement

1 E.g. Anti-corruption and integrity building measures, competition and bidder protection, transparency and process efficiency clauses, etc.
2 European Commission, *Serbia Country Report*, 2016. p. 36.
3 Ibid. and European Commission, *Non-Paper*, 2017. p. 8.
4 Negotiation group for Chapter 23, *Action plan for Chapter 23*, 2015.
5 Strategy for Development of Public Procurement, 2014.
6 Internal Act Mol, 2015.
7 Plan for Curbing Corruption in Public Procurement Mol, 2016.
8 Law on Police, 2016.

performance benchmarks, the question remains of how to realistically determine whether these changes have yielded any positive results.

This paper offers an alternative assessment of the procurement performance within the Serbian Ministry of Interior for the period of 2013 – 2017 by observing key performance indicators, which reveal the true reach of legislative and procedural changes.

The assessment uses performance indicators developed by the Belgrade Centre for Security Policy, published in the *Toolkit for Civil Assessment of Public Expenditure Performance in the Security Sector*⁹, and the PointPulse Network Methodology for Assessing Police Integrity concerning finance and procurement¹⁰. Statistical data of the MoI procurement practice is used, as well as the data from the national public procurement reports issued by the Public Procurement Office.¹¹

9 Đokić, Erceg, Petrović, Đan, *Toolkit for Civil Assessment of Public Expenditure Performance in the Security Sector*, 2016.

10 Online: <<http://pointpulse.net/>>

11 The research met many challenges concerning the availability of consolidated data on procurements, which limited the number of indicators that could be analysed, and meant the examined sets of data covered different time periods. For some indicators, data from 2017 is used, while for the rest of the indicators only data that covers the period of April 2013 and June 2016 was available. This fact was taken into account in the process of assessment of the indicators.

PUBLIC PROCUREMENT PERFORMANCE ASSESSMENT

The analysis of the procurement performance in the Ministry of Interior of Republic of Serbia (Mol) is grouped in four examined dimensions: 1) Transparency, 2) Procurement Planning, 3) Procurement Implementation and 4) Competition. Each chapter on the examined dimensions of the procurement performance opens with an overall dimension assessment rating, followed by a more detailed analysis of its specific elements or indicators. Each analysed element is given its own assessment rating. The chapter overall assessment rating is calculated as the average rating of elements. The assessment rating is graded from 1 to 4 and colour-coded for easier reference, as presented below:

Assessment ratings:

- 1 – Critical changes needed
- 2 – Significant improvement needed
- 3 – Satisfactory/Some improvement needed
- 4 – Good practice

1. TRANSPARENCY

Dimension assessment rating: 3 – Satisfactory/Some improvement needed

1.1. Publishing Procurement Plans

Assessment rating: 3 – Satisfactory/Some improvement needed

The Mol regularly publishes its procurement plans on its website.¹² Links to the plans are also embedded into the Mol Information Booklet.¹³ The information presented within the procurement plans is largely aligned with the Public Procurement Law, except for the category of procurement estimated value which is omitted from the publically available plans. Although, not precisely regulated, this practice is accepted by the Public Procurement Office (PPO) as a protective measure that helps prevent bidders from colluding on price. The PPO still receives procurement plans with the procurement estimated value included.¹⁴ The practice can be improved by publishing plans in machine readable form and with fewer factual errors (see 1.5).

¹² Mol website, Public Procurement Section. Online: <<https://goo.gl/d5n6pC>>

¹³ Mol, *Information Booklet*, 2017.

¹⁴ Interview, Srećkov, 2017.

1.2. Publishing Tender Documentation

Assessment rating: 4 - Good practice

Since 2013, the MoI has published more than 97% of all obligatory tender documentation on the Public Procurement Portal.¹⁵ All published tender documentation is available to the public through the Public Procurement Portal and some of it through the MoI website. Albeit not machine readable, almost all published procurement documents are either in word processor or PDF format and computer searchable.

1.3. Publishing Information on Decision Making

Assessment rating: 3 - Satisfactory/Some improvement needed

In 2016, the MoI failed to publish 28% of the tender board decisions on awarding public procurement contract(s). These documents contain expert evaluation of bids and a procurement board justification on awarding the contract to a specific bidder. As such, these documents are one of the paramount elements of the transparency of the procurement process. Due to the fact that the publishing of these decisions became mandatory in 2016, the improvement of this practice is expected in 2017.

1.4. Publishing Information on Confidential Procurements

Assessment rating: 3 - Satisfactory/Some improvement needed

Confidential, security sensitive procurements are exempt from the rules regulating procurement transparency.¹⁶ However, this does not forbid contracting authorities to publish aggregate information on confidential procurements – the total sum of planned confidential procurements and the total sum spent on confidential procurement in one year. The Ministry of Defence used to publish the aggregate information on confidential procurements in its information booklet,¹⁷ while the MoI has never done so in any form.¹⁸

Furthermore, in contrast to the Ministry of Defence quarterly reports, the quarterly reports on the MoI activities delivered to the relevant committee of the National Assembly contain no information on any public procurement whatsoever.¹⁹ The practice of publishing aggregate information on confidential procurements is not mandated by law (thus the more favourable rating), but its application would improve the transparency of public expenditures in this sensitive area, and improve the perception of the procurement process integrity within the institution.

1.5. Accessibility of the Procurement Statistical Data

Assessment rating: 2 - Significant improvement needed

A major problem preventing the effective oversight of the procurement practice in the MoI, or any other contracting authority in Serbia for that matter, is the issue of unstandardized and inconsistent statistical data on public procurement.

¹⁵ Public Procurement Portal. Online: <<http://portal.ujn.gov.rs/>>

¹⁶ Public Procurement Law. 2012/15. Articles 127 and 128.

¹⁷ MoD Information booklet. 2017.

¹⁸ MoI Information booklet. 2017.

¹⁹ Report on MoI Activities. 2017.

The Public Procurement Office (PPO) collects all the relevant data from contracting authorities and publishes it on the Public Procurement Portal. Even though the portal is robust and stores a great deal of procurement data, it has no options for cross-referencing and filtering these data – a feature much needed for detecting dangerous trends in procurement practice. Even the commendable move by the PPO to enter the pilot Open Data programme in late 2015,²⁰ has not helped much because the available databases²¹ lack critical data needed to detect corruption and bad practices, specifically, data on contract values, bid winners and the number of bidders per contract.

Furthermore, the reports on public procurement published in PDF form by the Mol²² are often different or incompatible with the data available from the PPO, which makes these two sources hard to compare and cross-reference. Especially problematic are the numerous factual errors in the reports that make consolidation and comparison of data almost impossible.

2. PROCUREMENT PLANNING

Dimension assessment rating: 1.7 – Critical changes needed

2.1. Procurement Plan Changes

Assessment rating: 2 – Significant improvement needed

Within the past four years, the Mol has modified its annual procurement plans six times: twice in 2014, twice in 2016, and twice in 2017.²³ This practice indicates flaws in planning and perhaps an unhealthy reliance of the Mol on the possibility of changing the plan, enabled under law. Frequent changes of the procurement plans tend to result in pushing the bulk of procurement procedures to the end of the fiscal year or to the end of quarters – 2/3 of all observed Mol contracts (2013-2016) were signed either on December 31, 2015, March 31 and June 30 2016.²⁴ This practice pressures the procurement unit to settle all planned procurements in a short period of time – resulting in a much higher chance of mistakes and a less effective oversight performance.

2.2. Procurement Justifications

Assessment rating: 2 – Significant improvement needed

Another weakness in the planning system is the obligatory practice of describing reasons for procurement, which the Mol carries out in a very broad and general way, which often does not reveal the true necessity behind the specific procurement. Furthermore, the reasons are omitted from the publically available reports.²⁵ This practice corresponds with the quality of the Mol programme budget, which is heavily criticized for its lack of substantial justification of its appropriations.²⁶ The justifications are also absent in cases where regular public procurements are declared confidential. Without proper explanation, no one can determine whether the decision to make procurement confidential is justified (see 4.4.).

²⁰ UNDP, *Open Data Readiness Assessment*, 2015.

²¹ Public Procurement Open Data. Online: <<http://portal.ujn.gov.rs/OpenData.aspx>>

²² Mol Public Procurement Plans 2013-2017.

²³ Mol Information Booklet. 2017. p. 221-222.

²⁴ Mol Procurement report database. April 2013 – June 2016.

²⁵ Mol Procurement reports. 2014-2017.

²⁶ Erceg, *the Analysis of the Ministry of Interior Programme Budget Goals*, 2017.

Without the proper control of this prerogative, it is easy to hide corruptive intent by declaring confidential procurement.

2.3. Planning Capital Purchases

Assessment rating: 1 – Critical changes needed

The major problem in procurement planning within the MoI is the way capital purchases are treated. Due to its structure,²⁷ the MoI budget is very restrictive when it comes to investing in the necessary police equipment. This makes any irrational planning or corruption-motivated capital purchases exceptionally harmful to the interests of the police force. A noticeable example of this wasteful practice in 2017 was the procurement of OEM printer toners, instead of purchasing high-quality replacement ones for a much lower price, ultimately resulting in 1 million Euros of losses to the Ministry.²⁸ In addition to this, multiple media investigative reports strongly implied corruption in this case.²⁹

In contrast to this example, tactical equipment, or the vehicles and safety equipment of the fire brigade, which is also part of the MoI, are on average 30 years old, and are rarely the subject of renewal, and then always in small quantities. For years now, the MoI seems to have mitigated some of these problems by relying on the unlawful³⁰ practice of purchases of equipment and vehicles for the police by the local governments.³¹ The observed practice, in spite of being contrary to the law, occurs without any kind of sanction by the public authorities. This “arrangement” seems mutually beneficial, both for the public rating of local government officials and for the Republic government, resulting in less real incentive for planning capital purchases within the MoI.

As for the purchases of the police uniforms, the MoI has only regulated visual standards while omitting to specify the exact qualitative requirements.³² With tens of thousands of employees, the procurements of uniforms and footwear for police officers often find potential bidders unprepared for the quality specifications issued by the MoI only weeks before expected purchases. This has resulted in the tendering of uniforms and footwear contracts often being disputed by the bidders and by the public.³³

27 84% of 500 million Euros MoI budget is allocated for salaries and social benefits, 13% for ongoing maintenance, there is only 3% of the budget left for capital investment.

28 Politika, *OEM Toners or Better Combat Footwear*, April 16, 2017.

29 Insajder, *Brnabic on numerous Printer contracts with the State: I have no explanation*, August 31, 2017.

30 The law regulating public budgeting forbids higher levels of government to be sponsored in any way by the lower levels. Law on Budgetary System, 2015 and Interview, Svetlana Toma Anokić, State Audit Institution, 2015.

31 Škorić, *Extorted procurement*, 2016.

32 MoI, *Regulation on the Design of Police Uniforms and Insignia*, 2013.

33 Radojčić, Bašić, *Combat Boots without a Fight*, 2016.

3. PROCUREMENT IMPLEMENTATION

Dimension assessment rating: *2.5 – Significant improvement needed*

3.1. Bidder Complaints Track Record

Assessment rating: *2 – Significant improvement needed*

The protection of rights in public procurement procedures is entrusted to the Republic Commission for the Protection of Rights in Public Procurement Procedures (the Commission).³⁴ Among other powers, the Commission has the right to abort ongoing procurement procedures and annul the procurement contracts. An increasing number of bidder complaints, especially successful ones, against any contracting authority can be an indicator of inexpedient procurement planning and practice.

In the period since the beginning of the implementation of the new Public Procurement Law in 2013, until the end of 2016, the Commission decided 79 times on procurement processes in which the Mol was the contracting authority. 48 of these decisions resulted in full or partial abortion of the procurement procedures, with an astounding total cost of 28 million Euros,³⁵ or 23% of the total estimated value of Mol procurements for this period.³⁶

Even though the rate of successful complaints against the Mol is at 61%, in line with the national average,³⁷ it is important to take into account that two thirds of the value of aborted procedures were procurements of uniforms and footwear for the police officers (33%) and procurements of patrol vehicles (31%) – purchases directly affecting police officers. According to the numerous reactions of police unions in the previous years, failed or problematic procurements of police equipment affects their ability to successfully perform their duties and degrades their morale and dignity.

Other negative effects of aborted procurement procedures are frozen assets, wasted workforce hours and delays of other connected procurements or plans. Additionally, each case resolved against the Mol resulted in the Mol having to pay the complaint and legal costs, amounting to around 1,000 Euros per complaint, or 50,000 Euros in total from 2013 to 2016.

3.2. Aborted procedures

Assessment rating: *3 - Satisfactory/Some improvement needed*

The number and percentage of the aborted procurement procedures can show the level of efficiency with which the contracting authority handles procurement procedures. If the percentage is high, something is wrong with planning and execution of the procurement procedure. Abortion of procurement procedures results in wasted time and resources, and delays in obtaining planned goods or services, which can in turn result in more wasted resources.

According to the available data,³⁸ in the last four years, Mol had 138 aborted procurement procedures in total, or 9% of all implemented procurements. In 2013 the rate was only 2%, 2014 saw a slight rise to 5%,

³⁴ Public Procurement Law, Article 138.

³⁵ Republic Commission Decisions, Online: <<http://www.kjn.gov.rs/odluke/zastita-prava.html>>

³⁶ Mol, *Public procurement reports for 2013-2014*.

³⁷ Public Procurement Office, *Report for 2016, 2017*.

³⁸ Reports on Mol aborted procedures for Q3 2013, Q4 2014 and Q4 2016 are not available on the Mol website.

while 2015 and 2016 saw the rise of aborted procedures to 14% and 10% respectively, which positioned Mol slightly above the national average of 11%.

Out of all the reasons, the abortion of the procurement procedure due to no bids being received, is the most compromising to the contracting authority. This indicates that the contracting authority did not perform the market research well or did not announce the planned procurement on time to the potential bidders. For the observed period, 28% of procurement procedures were aborted due to no received bids, which is below the national average.

4. COMPETITION

Dimension assessment rating: 2 – Significant improvement needed

4.1. Number of bids per contract

Assessment rating: 2 – Significant improvement needed

When the number of average bidders per Mol contract is compared to the republic average, it is immediately visible that, within the analysed period of April 2013 to June 2016, the Mol is a bright example of a contracting authority with competitive tenders that have more than the average number of bidders (see Table 1 below).

Table 1: Ministry of Interior (Mol) average number of bids per contract				
	2013	2014	2015	2016
National average	2.7	2.6	2.9	2.9
Mol average	3.2	3.4	10	6.3
Mol average, without low value vehicle service framework agreements	3.2	3.4	2.8	1.9

The dramatically higher scores in 2015 and 2016 are the result of an increasing Mol practice of using framework agreements with multiple lots, which enables the contracting authority to sign agreements with a large number of appropriate bidders that would remain on a list of preferred suppliers for a certain period of time, usually two or three years. However, a more detailed analysis of contracts reveals that over 64% of all observed contracts are multi-lot framework agreements for the repair and maintenance of police vehicles.³⁹ Even though these contracts make up 64% of the total number of the Mol contracts, their total value only amounts to 2.7 million Euros, which constitutes only 4% within 67 million Euros worth of signed contracts by the Mol in the observed period.

These numerous, but low value contracts, positively affect the Mol competition record in a major way. When we remove these framework agreements from the equation, we get a more realistic picture of how the Mol handled competition in procurement in the last four years. Apparently there is a negative trend of competition: the number of bids per contract fell to 2.9 in 2015, and then dramatically further in 2016

³⁹ The Mol signed framework agreements with dozens of car repair shops all over Serbia for the servicing of patrol vehicles in the period of 2015-2017. Due to the unrestrictive tender, the majority of repair shops were granted framework agreements. This way, the Mol increased flexibility in future repairs of police vehicles in the whole territory of Serbia. These agreements do not automatically mean that all bidders will receive the order from the Mol, they are only on the list to be contacted.

– to 1.9 bids per contract, well below the republic average. However, due to the overwhelming number of framework agreements, this alarming indicator escapes superficial detection.

4.2. Rate of open procedure procurements with a single bid

Assessment rating: 2 – Significant improvement needed

Another common indicator for measuring competition in the procurement processes of the contracting authority is the use of open tender procedure. From April 2013 to June 2016, the value of the Mol procurement contracts concluded after the use of the open procedure was 96%, which puts this ministry well above the republic average (93% for 2016⁴⁰). For the same period, the share value of contracts concluded by using the infamous negotiation procedure without a call for bids was only 1.1%, also below the republic average (3%).

The alarming fact here is that the total number of open procedure procurements, with only a single bidder, has risen dramatically over the last four years, amounting to an astounding 55% of the total value of all open procedure obtained contracts in the Mol. According to the Public Procurement Office, this is mostly the result of the limited market in Serbia for the specific procurement subjects,⁴¹ but also, to a degree, the effect of a high perception of corruption in the public that deters potential bidders from applying for “already fixed” tenders⁴², and furthermore, the result of the fact that some tenders are designed to restrict competition.⁴³

4.3. Share of maximum value contracts

Assessment rating: 2 – Significant improvement needed

The Mol does not reveal the estimated procurement values in their annual procurement plans, a practice intended to avoid possible collusion between bidders. Furthermore, bearing in mind that the Mol used an open tender procedure in 96% of tenders, it is justified to expect more favourable contract prices in practice for the Mol.

For the observed period of procurement practice (April 2013 – June 2016), this has however not been the case. Out of a total contract value of 67 million Euros, 36 million (or 54%) went to procurement contracts with the same value as the estimated procurement value. This means that the bidder achieved the maximum price envisaged by the Mol in spite of all competition-favouring techniques. A more detailed breakdown of these figures can be found in the Table 2 below.

40 Public Procurement Office, *Report for 2016, 2017*.

41 Ibid.

42 „55% of bidders do not apply for tenders, because they think that there is little or no chance that they would win“, Jovanović, *Public Procurement Challenges in 2016, 2016*.

43 Stefanović, *Penny Drops for the Police Toners, 2016* and Radojčić, Bašić, *Combat Boots without a Fight, 2016*.

Table 2: Share of MoI procurement contracts with same value as the estimated procurement value*		
Year	Total value of contracts**	% of contracts with value equal to estimated value
2013	4	75,5%
2014	28	38%
2015	14	46%
2016	21	76%
Total	67	54%

* 98% of the estimated value or more

** approx. conversion, in million Euros

4.4. Practice of confidential tenders

Assessment rating: 2 – Significant improvement needed

The practice of procurement of security sensitive goods and services is regulated by the Public Procurement Law as “Public Procurement in Defence and Security Sector”. The law stipulates that these procurements are to be exempt from the law, with only the recommendation to the contracting authority to “prevent conflict of interest and ensure competition whenever possible”. The law defines that a procurement can be labelled as defence and security sector procurement if it is a procurement of weaponry, military and security sensitive goods and services, or a procurement which is necessary and exclusively needed for intelligence activities. The law also provides an option to exclude the procurement from the law on security concerns by the decision of the government, in cases “where the application of a public procurement procedure would result in disclosure of information marked as vital security-wise”⁴⁴, which can result in unwarranted limiting of competition for any procurement that the government decides is “security sensitive”.

In 2017, the MoI spent 6 million Euros on a government-sanctioned confidential procurement of 710 regular police patrol vehicles, hiding the details of this procurement from the public.⁴⁵ It is unknown whether competition was assured and conflict of interest was prevented. The MoI and the Government did not offer any explanation to the public on why it was necessary to label this procurement as confidential. Besides the fact that the common practice of procuring police vehicles worldwide is public, this specific procurement looks suspicious because all previous procurements of police vehicles by the Serbian MoI were public. After being confronted by a number of problematic and corrupt procurements in the past, the public remains concerned whether the police vehicle contract was concluded fully in the public interest.⁴⁶

This example shows that the prerogative of the government to label any procurement as security-sensitive without any explanation and control can be used to hide corrupt procurement practices, and thus, should be changed by introducing more substantial oversight measures.

44 Public Procurement Law, Article 128.

45 Blic, *MoI: Police vehicles were legally purchased, Skoda was the cheapest*, September 29, 2017.

46 NIN, *Public Concerns over the Secret Procurement*, October 19, 2017.

CONCLUSION

In spite of being an institution with a high level of adopted procurement legislation and developed procedures, the Ministry of Interior of the Republic of Serbia (Mol) is not doing so well in the actual procurement performance.

After examining all four dimensions of the Mol procurement performance, it can be concluded that, with an overall assessment rating of 2.36, the condition is not satisfactory and demands significant efforts from the Mol, especially concerning the planning of capital purchases and the procurement competition.

Table 3: Examined Dimensions of Mol Procurement Performance		
Performance Dimension	Performance Indicator	Assessment rating
Transparency	Procurement plans	3
	Tender documentation	4
	Information on decision making	3
	Information on confidential procurements	3
	Procurement Statistical Data	2
Procurement Planning	Plan changes	2
	Procurement justifications	2
	Capital purchases	1
Procurement Implementation	Bidder complaints	2
	Aborted procedures	3
Competition	Number of bids per contract	2
	Open procedures with single bid	2
	Share of maximum value contracts	2
	Practice of confidential tenders	2

Assessment ratings legend:

- 1 - Critical changes needed
- 2 - Significant improvement needed
- 3 - Satisfactory/Some improvement needed
- 4 - Good practice

By improving the procurement planning, the Mol can make the most beneficial improvement in its procurement performance. A more responsible and prudent planning of capital purchases would allow the Mol to utilize its resources more effectively and solve many burning issues – such as providing the regular renewal of equipment to the police and rescue units, or improving the working conditions of police officers through better food and clothing.

Despite superficial statistical success, the procurement competition track record of the MoI is actually deteriorating. The decrease of the number of bids per contract, the increase of the share of single bids and maximum prices in open procedures, and the potential abuse of the confidential procurement procedures, warrant serious change in practice in order to increase the overall MoI procurement performance.

The percentage of high value procurements disputed by the Republic Commission for Protection of Bidders should be addressed by more careful planning and implementation of the procurement processes, especially in the cases of procuring the goods and services essential to the police officers. The unavailability of solid data on other indicators of procurement implementation and contract execution, such as the amendment of contracts, the duration of the implementation, etc., makes this dimension particularly hard to examine.

The transparency of the procurement processes within the MoI is the most satisfactory dimension of the procurement performance, but it can still be improved further, mostly in the field of consolidating statistical data and making them more accessible to its financial units and the public. This would significantly help in recognizing and preventing harmful trends.

Having in mind the restrictive nature of the MoI budget, improving procurement performance should be one of the main internal policy goals of the MoI leadership in the following period. Increasing the procurement performance will yield more resources for many of the pending necessary purchases and protect the MoI from ongoing inexpedient purchases that cause harm to the integrity of the Ministry, the morale of police officers and the security of citizens.

RECOMMENDATIONS

The table below contains twelve recommendations for improving the procurement performance of the Ministry of Interior of the Republic of Serbia (MoI). Recommendations are sorted by the impact their implementation would have on the procurement practice.

#	Impact	Recommendation	Dimension
1	Significant	The MoI should codify standards of quality for police uniforms and footwear, and their general renewal periods, in order to expand competition of bidders that could participate in these kinds of tenders.	Planning
2	Significant	The Internal Audit Unit of the MoI should introduce regular performance audits of the typical high-value procurements made by the MoI and issue recommendations on practice improvement.	Planning
3	Significant	The MoI and the Internal Audit Unit should determine the reason for the decreasing number of bids per contract, the increasing number of single bid tenders and the share of maximum value contracts, and take appropriate measures to improve the record in these categories above the national average.	Competition
4	Significant	The Public Procurement Law should be changed in a way to increase oversight and control over the usage of the Government prerogative to determine any procurement confidential if it deems it "security sensitive" without any explanation.	Competition
5	Significant	The Public Procurement Office should introduce critical procurement data in its publically available databases (contract values, bid winners, number of bidders per contract).	Transparency
6	Moderate	The MoI should re-examine the overall economic benefits of the practice of procuring OEM toners instead of high-quality replacement ones.	Planning
7	Moderate	The State Audit Institution should issue a report on unlawful purchases for the MoI made by the local governments. Parliament should hold the MoI and local governments accountable for this harmful practice.	Planning
8	Moderate	The MoI should analyse the most common causes of successful complaints against its high-value and sensitive tenders and take appropriate measures in order to improve this aspect of procurement implementation practice and decrease the number of successful complaints.	Implementation
9	Moderate to Lesser	The Internal Audit Unit of the MoI should examine the procurement planning and procurement procedure distribution in a fiscal year, and issue recommendations on how to improve the efficiency of this phase of the procurement cycle.	Planning
10	Lesser	The MoI should improve the quality of procurement justifications.	Planning
11	Lesser	The MoI should introduce the publishing of standardized procurement plans and reports in a machine readable form, harmonized with the data from the Public Procurement Office.	Transparency
12	Lesser	The MoI should regulate, standardize and regularly publish aggregate, non-sensitive data on confidential procurements in the reports / the MoI booklet.	Transparency

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CIP - Каталогизација у публикацији -
Народна библиотека Србије, Београд

658.71:351.74(497.11)

ERCEG, Vladimir, 1982-

The Cost of Security : procurement performance in the Ministry of interior of the Republic of Serbia /
Vladimir Erceg. - Belgrade : Belgrade Centre for Security Policy, 2017 (Beograd : Unigraf). - 20 str. ; 30
cm

Tiraž 150. - Bibliografija: str. 19-20.

ISBN 978-86-6237-136-2

а) Србија. Министарство унутрашњих послова - Јавна набавка COBISS.SR-ID 249696012
