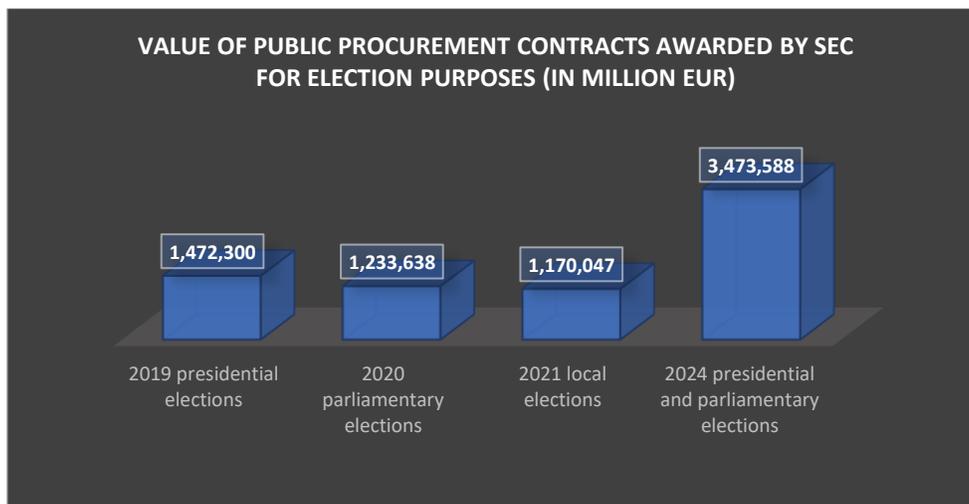


Elections and Public Procurement

- ✓ Tender procedures organized by SEC and related to this year’s joint presidential and parliamentary elections have costed by 767 thousand EUR more than the sum of all tenders for the same type of elections held individually in 2019 and 2020.
- ✓ Out-of-country voting was more expensive than services for printing all voter ballots.
- ✓ High 41% of election-related public procurement contracts were awarded by SEC under negotiating procedures without previously announced procurement notice.
- ✓ In the years when parliamentary elections are held, public procurements in the country reach record-high levels. This year’s elections were anticipated in public procurements organized last year.

To organize the recent presidential and parliamentary elections, by May 20th, 2024, as cut-off date, the State Election Commission (SEC) has awarded 22 public procurement contracts in total value of 213,625,656 MKD, i.e. 3,473,588 million EUR.

The value of tender procedures for organization of this year’s elections is by 47 million MKD (767 thousand EUR) higher than the total value of contracts awarded for 2019 presidential elections and 2020 early parliamentary elections together. Notably, the value of public procurement contracts for organization of 2019 presidential elections amounted to 90,546,430 MKD, while 2020 parliamentary elections costed 75,868,732 MKD, accounting for 166,415,162 MKD in total, i.e. 2,705,938 EUR.



The value shown for 2021 local elections does not include the public procurement of integrated system for biometric voter identification in the amount of 678,979,979 MKD (11,040,325 EUR), which is not exclusive to that election cycle.

The number and value of public procurement contracts related to 2024 elections could increase in the upcoming period. According to information available in the Electronic Public Procurement System, SEC has initiated several other procurement procedures whose contract-award notifications are not yet published. It is a matter of procurement procedures related to “security numerical plastic straps for sealing ballot boxes and transport bags”, “software solution for computing and publishing election results”, “translation of ballot material” and “hotel services for organization and implementation of the election process”.

For the first time in this election cycle, SEC awarded 4 (four) framework contracts in duration of 36 months, wherein it is enlisted that services under said contracts would not be used only for the purpose of 2024 elections, but also for 2025 local elections and any other nation-wide direct polling of citizens or organization of other election processes not anticipated for the years 2024 and 2025. In that, 2 (two) framework contracts (one for designing and printing educational manuals for electoral bodies and electoral promotional material for SEC needs and another for transport of confidential and non-confidential ballot material and EB members from MECs to polling stations and back) include a clearly designated amount for 2024 elections. However, the framework contracts signed for designing and printing non-confidential material (fine print) and printing of other non-confidential material (23,775,584 MKD) and for production of non-confidential material – cardboard boxes (9,810,992 MKD) do not clearly denote whether the planned amount of funds concerns the overall contract duration or only 2024 elections.

Out-of-country voting is more expensive than printing of all voter ballots

The highest-value contract related to 2024 elections concerns “transport and accommodation of electoral board (EB) members at diplomatic and consular offices (DCOs) for election purposes” and was awarded to the tourism, trade and service company *New Ways of Travel LLC Skopje*, in the value of 50 million MKD (813 thousand EUR). This contract covers transport and accommodation for up to 8 persons on 31 locations worldwide. In that, the tender procedure was presented with bids by two companies, i.e. *New Ways of Travel LLC Skopje* and *Avioturs Travel Services LLC Skopje*. On the account of its high value, this tender procedure was subject to administrative control by the Bureau of Public Procurement. As a result thereof, SEC was given particular guidelines, but the repeated bid-evaluation again resulted in selection of the bid submitted by *New Ways of Travel*. Otherwise, the tender’s estimated value was by 9 million MKD higher than the value of the contract signed.

The contract for transport and accommodation of EB members at DCOs is higher in value than the contract for designing and printing confidential ballot material in the amount of 46 million MKD (748 thousand EUR) awarded to the JSC Printing House *Kiro Dandaro* protective workshop Bitola. This contract was awarded under negotiating procedure without previously announced procurement notice.

Such non-transparent procedure was organized upon previously obtained approval from the Bureau of Public Procurement following a decision to annul the first procurement procedure with announced procurement notice. Actual reason for this tender annulment is not publicly known because the tender annulment notification features an elaboration as follows: “the number of bidding companies is lower than the minimum number of bidders stipulated for this type of public procurement”.

However, the Law on Public Procurement does not stipulate the minimum number of bidders for open procedures, which was the case in this tender. Moreover, negotiations for printing ballot material have taken place only with the Printing House *Kiro Dandaro*.

The third high-value contract was also awarded under negotiating procedure without previously announced procurement notice to the company *Dermalog Identification System GmbH* and concerns adjustments to the already implemented integrated system for biometric voter identification.

Top 10 high-value public procurement contracts awarded by SEC and related to 2024 elections

| Subject of the contract | Company awarded the contract | Value of the contract (in MKD) | Value of the contract (in EUR) |
|---------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Transport and accommodation of EB members at DCOs for election purposes | New Ways of Travel - Skopje | 50,000,000 | 813,008 |
| Designing and printing confidential material | Printing House <i>Kiro Dandaro</i> - Bitola | 46,000,093 | 747,969 |
| Adjustments to the already implemented integrated system for biometric voter identification | <i>Dermalog Identification System GmbH</i> | 28,000,000 | 455,285 |
| Designing and printing non-confidential material (fine print) and printing other non-confidential material | <i>Vinsent Grafika Zheljko et al.</i> - Skopje and Printing House <i>Evropa 92</i> - Kochani | 23,775,584 | 386,595 |
| Transport of confidential and non-confidential material for the elections and EB members from MECs to polling stations and back | JSC Postal Office, KAM SMARK Kavadarci and Stefan Tours Travel - Skopje | 21,240,000 | 345,366 |
| Production of non-confidential material (cardboard boxes) | Printing House <i>Kiro Dandaro</i> - Bitola, <i>Polyesterday</i> - Skopje, <i>Vinsent Grafika Zheljko et al.</i> - Skopje and Printing House <i>Evropa 92</i> - Kochani | 9,810,992 | 159,528 |
| Transport of confidential and non-confidential material for the | KOLPORTER LLP Skopje | 8,000,000 | 130,081 |

| | | | |
|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------|---------|
| elections from the printing house to MECs and MFA | | | |
| Production of identification cards and badges for electoral administration, authorized representatives and election observers | Vinsent Grafika Zheljko et al. - Skopje | 7,799,304 | 126,818 |
| Selection of company whose petrol stations will be used to supply fuel for SEC vehicles for election purposes | Makpetrol - Skopje | 4,720,000 | 76,748 |
| Selection of PR Agency for training voters/video and audio clips, leaflets, posters, etc. | Idea Lab – DE Skopje | 4,000,000 | 65,041 |

41% of tenders awarded under procedure with direct negotiations

High 41% of the total value of public procurement contracts were awarded under procedures that imply direct negotiations with bidders. These include 5 (five) high-value contracts and concern services such as “designing and printing confidential material”, “adjustments to the already implemented integrated system for biometric voter identification”, “transport of confidential and non-confidential election material from the printing house to MECs and MFA”, “selection of PR Agency for training voters/video and audio clips, leaflets, posters, etc.”, and “IT and technical equipment for organization of the elections (tablets)”. In sum, contracts awarded under this type of non-transparent procedures account for 87 million MKD (around 1.4 million EUR).

Some procurement notices for organization of the elections were announced as early as December 2023. As many as 15 public procurement procedures were annulled during that process of almost 6 months (11 fully annulled and 4 partially annulled). All this has led to the need for some contracts to be awarded under negotiating procedures without previously announced procurement notice, while the epilogue of other tender procedures remains unknown to date.

In terms of tender competition, the average number of bids per tender procedure related to 2024 elections accounts for 2.68 bids, which is in line with the national average.

Large portion of tender procedures, i.e. 10 from total of 22 contracts awarded, were presented with 3 or more bids, which is indicative of solid competition level. However, analysed in terms of contract value, dominant are tender procedures (42%) without any competition, i.e. those presented with only one bid. The cumulative value of 7 (seven) contracts awarded under tender procedures presented with only one bid accounts for 88,698,232 MKD (1,442,248 EUR).

Breakdown of election-related contracts according to the number of bids received

| Competition level | Total number of contracts | Value of contracts (in MKD) | Value of contracts (in EUR) |
|-------------------------------------------------|---------------------------|-----------------------------|-----------------------------|
| Tender procedures presented with only one bid | 7 | 88,698,232 | 1,442,248 |
| Tender procedures presented with 2 bids | 5 | 56,429,810 | 917,558 |
| Tender procedures presented with 3 or more bids | 10 | 68,497,614 | 1,113,782 |

In addition to those related to “designing and printing confidential election material” and “adjustments to the already implemented integrated system for biometric voter identification”, tender procedures presented with only one bid also include those organized for procurement of “production of identification cards and badges for electoral administration, authorized representatives and election observers”, then “selection of company whose petrol stations will be used to supply fuel for SEC vehicles for election purposes”, “renting network equipment to connect SEC with MECs and SEC regional offices for election purposes”, “hotel services for organization and implementation of the election process” and “procurement of SEC promotional material for election purposes”.

Three companies appear as traditional partners to SEC

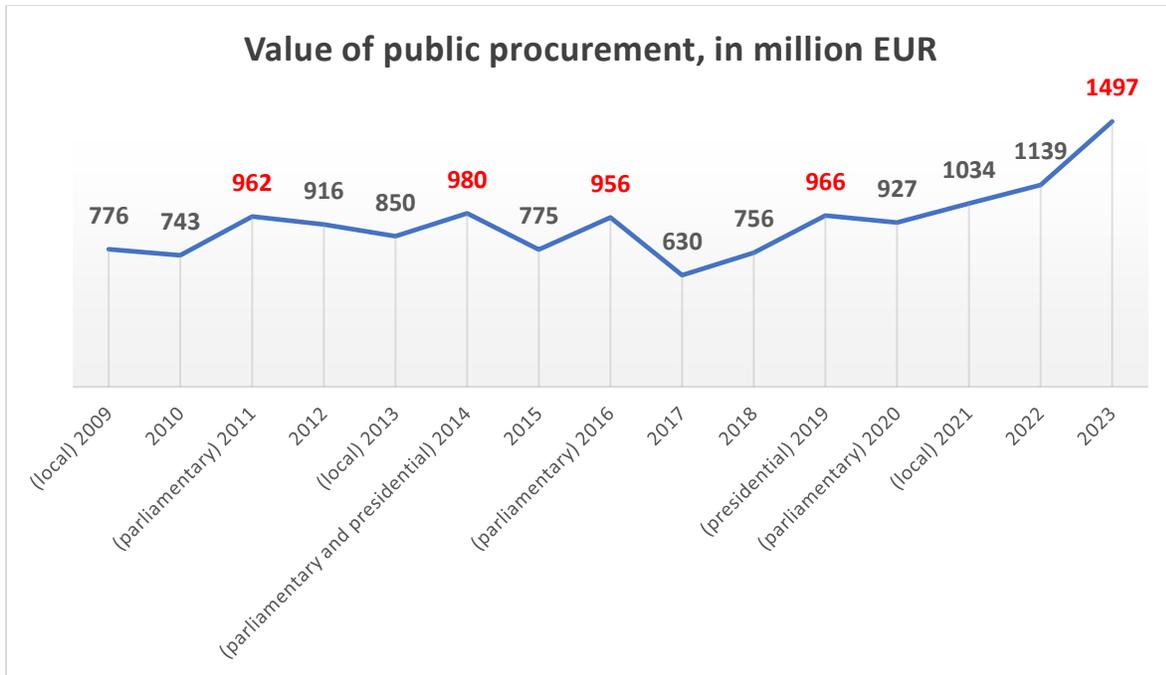
As regards holders of public procurement contracts, it could be said that 3 (three) companies emerge as traditional winners on SEC-organized tender procedures.

At the top of this list is Printing House *Kiro Dandaro*, which is regularly awarded contracts for printing confidential election material. The list of companies awarded contracts by SEC for every election cycle includes the company for employment of disabled persons, printing activity, production, trade, etc *Vinsent Grafika Zheljko et al. LLP export-import Skopje*. This company is awarded several contracts in the election year for production of identification cards and badges for electoral administration, authorized representatives and election observes, and for printing promotional material. The third company awarded contracts by SEC in all election years is PR Agency *Idea Lab – DE Skopje*. Contracts awarded by SEC to this company concern training of voters/video and audio clips, leaflets, posters, etc.

Connection between the elections and the value of public procurements

Analysis of variations in respect to the total value of public procurement contracts throughout the years shows a connection between the elections and the amount of funds spent on public procurement. This especially concerns the parliamentary elections.

In the past, the record-breaking amounts of funds spent on public procurement overlapped with the so-called election years, i.e. organization of the parliamentary elections.



This was the case in 2011, when the previous record-high value of public procurement funds in the amount of 962 million EUR was spent in the year when parliamentary elections are organized.

The next record-breaking amount of 980 million EUR was observed in another election year (2014), again overlapping with organization of the parliamentary elections.

This was followed by drop in the value of public procurements and another dramatic increase by more than 180 million EUR within a period of one year, i.e. 2016, when another round of early parliamentary elections took place.

The next record-breaking year in terms of public procurement spending is 2019. It seems that the presidential elections held that year were of minor significance compared to the parliamentary elections organized one year later, as they were held in July – a date by which, in reality, not much funds can be spent from the current budget.

The last historical jump in terms of public procurement value was observed last year, in the wake of the elections held in May of this year, i.e. early in the current year.