



URED ZA REVIZIJU INSTITUCIJA BiH
КАНЦЕЛАРИЈА ЗА РЕВИЗИЈУ ИНСТИТУЦИЈА БИХ
AUDIT OFFICE OF THE INSTITUTIONS OF BOSNIA AND HERZEGOVINA

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PERFORMANCE AUDIT

ACTIVITIES OF BiH INSTITUTIONS TO ENSURE COMPETITION IN PUBLIC PROCUREMENT

Sarajevo, December 2025



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Ref. No.: 05-16-1-1387/25

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The Audit Office of the Institutions of BiH conducted a performance audit on “Activities of BiH Institutions to Ensure Competition in Public Procurement”. The audit was conducted in accordance with the Law on Auditing of the Institutions of BiH, the International Standards of Supreme Audit Institutions – ISSAI, and the performance audit methodology of the supreme audit institutions in BiH.

The audit aimed to examine whether BiH institutions are efficient in undertaking activities to ensure competition in public procurement.

The audit found that BiH institutions do not always act transparently or provide equal and non-discriminatory treatment to all bidders in public procurement procedures, thereby failing to ensure fair and active competition. Available tools to enhance transparency were insufficiently used, and competition was restricted through tender documentation (TD) and bid evaluation. Insufficiently clear market research procedures and established practices that depart from the principles of transparency and competition reveal weaknesses that restrict competition in public procurement procedures. The absence of systematic monitoring and analysis of procedures and appeals further prevents institutions from identifying and addressing shortcomings promptly and improving competition.

The competent institutions were found to be inefficient in establishing mechanisms intended to increase competition in public procurement. Not all electronic procurement functionalities that would facilitate market access, reduce administrative barriers and encourage more bidders to participate have been established. Progress largely depends on planned legislative amendments. The established e-auction mechanism has not achieved the expected increase in competition and price reductions. More than half of planned e-auctions were not conducted, and in some cases contracts were awarded to bidders offering higher prices, resulting in lost savings. Practical experience reveals numerous operational and systemic weaknesses that diminish this tool’s effects and indicate the need for substantial improvements. Delays in special monitoring slow efforts to reduce the risk of prohibited agreements and impair the system’s efficiency.

The audit report contains recommendations addressed to the Public Procurement Agency, the Competition Council and BiH institutions. The recommendations should also contribute to achieving the Sustainable Development Goals concerning the establishment and development of effective, accountable and transparent institutions.

In accordance with the Law on Auditing of the Institutions of BiH, the Audit Office submitted the Draft Report to the institutions covered by the audit. Pursuant to the Law, these institutions were given the opportunity to provide comments and observations on the Draft Report. The General Secretariat of the Council of Ministers submitted comments. These comments contained no new facts or evidence that would warrant changes to the findings and conclusions presented in the Draft Report.

AUDITOR GENERAL

Hrvoje Tvrtković, sgd.

DEPUTY AUDITOR GENERAL

Nedžad Hajtić, sgd.

DEPUTY AUDITOR GENERAL

Neda Močević, sgd.

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Abbreviations used

ABBREVIATION	FULL NAME
BiH	Bosnia and Herzegovina
Audit Office	Audit Office of the Institutions of BiH
Parliamentary Assembly	Parliamentary Assembly of BiH
Council of Ministers	Council of Ministers of BiH
PPA	Public Procurement Agency of BiH
PRB	Procurement Review Body of BiH
CC	Competition Council of BiH
GSCM	General Secretariat of the Council of Ministers of BiH
MD	Ministry of Defence of BiH
MFA	Ministry of Foreign Affairs of BiH
MCA	Ministry of Civil Affairs of BiH
BD	Border Police of BiH
AMP	Agency for Medicinal Products and Medical Devices of BiH
IECS	Institute for the Execution of Criminal Sanctions, Detention and Other Measures of BiH
e-Procurement Portal	e-Procurement information system
E-auction	Electronic auction
GDP	Gross domestic product
KM	Convertible mark
TD	Tender documentation

Executive summary

The audit objective was to examine whether BiH institutions are efficient in undertaking activities to ensure competition in public procurement.

The purpose of the audit is to improve competition in public procurement procedures, thereby achieving best value for money and building public confidence that public funds are managed appropriately. The main audit findings and recommendations are presented below.

BiH institutions do not always act transparently or provide equal and non-discriminatory treatment to all bidders in public procurement procedures, thereby failing to ensure fair and active competition.

- BiH institutions do not conduct all public procurement procedures transparently and do not fully use the Public Procurement Portal's capabilities to enhance transparency. Approximately 15% of contracts were awarded through negotiated procedures without publication. In 2023, BiH institutions hardly published any information on negotiated procedures without notice, and only 22 of 75 BiH institutions used the Public Procurement Portal to collect prices or bids for direct agreements.
- Almost half of BiH institutions breached equal treatment of bidders and the conditions for fair and active competition at least once when preparing TD or evaluating bids. Competition was undermined by restrictive requirements, unclear criteria, combining different procurement items, inaccurate value estimates, imprecise bid evaluation forms, errors in verifying requirements, rejection on formal grounds, insufficient clarification of ambiguities and other shortcomings.
- Weaknesses in TD preparation may stem from insufficient and incomplete preliminary market consultation, which is a prerequisite for preparing high-quality TD. Preliminary market consultation is implemented and documented differently, while legislation does not specify its scope and minimum requirements. Weaknesses in bid evaluation and bidder selection arise from insufficient care during evaluation. The audit also found that the absence of systematic monitoring and analysis of procedures and appeals further prevents institutions from identifying and addressing shortcomings promptly and improving competition.

The competent institutions are inefficient in establishing mechanisms intended to increase competition in public procurement.

- The development of electronic public procurement, intended to facilitate market access, reduce administrative barriers and encourage more bidders to participate, is delayed. Most modules underpinning electronic procurement have yet to be established. Adoption of a new public procurement law is a prerequisite for most modules; under the 2024–2028 Strategy, the deadline for drafting that law is the end of 2025.
- E-auctions in BiH institutions have not achieved the expected increase in competition and price reductions. Where e-auctions were conducted, prices were not always reduced, and cases of contracts awarded to bidders offering higher prices were recorded, undermining the purpose of e-auctions. These outcomes partly result from

weaknesses in the regulations governing contract awards and prevention of possible abuse.

- CC and PPA are late in implementing the activity to strengthen monitoring of possible prohibited agreements (collusion) between bidders planned under the 2024–2028 Public Procurement Strategy.

Based on the findings and conclusions reached during the audit, the Audit Office issued recommendations to the Public Procurement Agency, the Competition Council and BiH institutions.

Recommendations to the Public Procurement Agency

- **Analyse weaknesses in ensuring competition in public procurement and take improvement measures based on that analysis.**
- **Ensure consistent implementation of strategic commitments and improve reporting.**

Recommendations to the Competition Council

- **Implement activities to fulfil the strategic commitment to strengthen monitoring of possible prohibited agreements (collusion) between bidders.**

Recommendations to BiH institutions

- **Analyse and improve practices for preparing and conducting public procurement procedures to encourage competition.**

1. INTRODUCTION

1.1. Background and reasons for the study

The lawful use of public funds to procure goods, services and works is essential for the sustainable and efficient development of public institutions and for maintaining citizens' confidence in public authorities. A significant share of taxpayers' funds is spent through public procurement procedures, meaning that conducting public procurement entails real responsibility for managing public money. Through public procurement, the state as buyer seeks to ensure efficient and lawful use of funds, while bidders as sellers compete to offer the best prices and quality.

Public procurement in BiH is estimated to account for 10% of the country's total nominal GDP.¹ According to data on budget execution by BiH institutions, these institutions allocate approximately 15% of their budgets to public procurement annually².

This confirms the importance of public procurement to the country's economy and its impact on the public interest. Successful procurement outcomes largely depend on competition, meaning the participation of multiple bidders competing for contracts, which generally leads to a better balance between price and quality of the goods and services offered.

Competition indicators reveal a declining trend, reflected in a decrease in the average number of bids and participation by foreign bidders.³ Data in the adopted 2024–2028 BiH Public Procurement Strategy indicate a low average number of bids, a high share of single-bid procedures and declining participation by foreign companies. In terms of the average number of bids received, competition in BiH is weaker than in neighbouring countries.⁴

Reports of the Public Procurement Agency (hereinafter: PPA)⁵ show a declining number of bids in public procurement procedures. The average number of bids received per procedure was 2.2 in 2021 and 1.6 in 2023.

Problems in ensuring competition were also highlighted in the 2022 BiH Progress Report, which noted that every second tender received only one bid and that the average number of bids per procedure was two.⁶

Financial audit reports also highlight difficulties in ensuring competition in public procurement, pointing to the frequent receipt of only one bid and requirements in the tender documentation of certain BiH institutions that undermine competition.⁷

¹ 2023 Report on Bosnia and Herzegovina

<https://www.eeas.europa.eu/sites/default/files/documents/2023/Izvje%C5%A1taj%20o%20Bosni%20i%20Hercegovini%20za%202023.%20%20-%20BHS%20prijevod%20%28002%29.pdf>

Situation analysis of the BiH public procurement system, AJN

² Budget execution reports of the Institutions of BiH for 2022, 2023 and 2024 (economic codes: 6132, 6133, 6134, 6135, 6137, 6138, 8213, 8214, 8215 and 8216/total expenditure of BiH institutions)

³ 2024–2028 BiH Public Procurement Strategy

⁴ Further details in Annex 1 – Average number of bids received in BiH, Serbia and Croatia

⁵ Annual reports on contracts awarded in procurement procedures for 2021, 2022 and 2023.

⁶ <https://www.eeas.europa.eu/sites/default/files/documents/2023/Izvje%C5%A1taj%20o%20Bosni%20i%20Hercegovini%20za%202023.%20%20-%20BHS%20prijevod%20%28002%29.pdf>

2023 Report on Bosnia and Herzegovina – BHS translation (002).pdf

⁷ <https://www.revizija.gov.ba/Content/DownloadAttachment?Id=2af8afe5-4010-48c5-9cac-dcb34caf0efa&langTag=bs>
<https://www.revizija.gov.ba/Content/DownloadAttachment?Id=6ffd5943-b34f-4438-9304-a5176b3c76f4&langTag=bs>

Lack of competition and negative aspects of public procurement frequently feature in media reports.⁸

In view of the above, the Audit Office of the Institutions of BiH decided to conduct a performance audit focusing on the activities of BiH institutions to ensure competition in public procurement procedures.

1.2. Audit objective, scope and limitations

Audit objective

The audit objective is to examine whether BiH institutions are efficient in undertaking activities to ensure competition in public procurement.

The purpose of the audit is to improve competition in public procurement procedures, thereby achieving best value for money and building public confidence that public funds are managed appropriately.

This audit should also contribute to achieving the Sustainable Development Goals defined in the 2030 Agenda concerning the establishment and development of effective, accountable and transparent institutions.⁹

Audit scope and limitations

The audit examined activities undertaken by BiH institutions to improve competition in public procurement.

The audit analysed activities undertaken by BiH institutions in 2022–2024.

For all BiH institutions¹⁰, relevant indicators of competition in public procurement were collected and presented. These included the types and number of procedures conducted, transparency of plans and procedures, the number of bids received per procurement procedure, the number of admissible bids, the number of electronic auctions conducted (hereinafter: e-auctions) and their effects on bid prices. The number of upheld appeals, financial audit findings and other relevant competition indicators were also analysed.

The audit covered a sample of BiH institutions¹¹ as contracting authorities and examined established practices for market research, TD preparation and bid evaluation. It analysed how institutions ensure integrity in public procurement. Institutions were selected based on the highest and lowest numbers of identified weaknesses and irregularities among institutions within the same budget group.¹²

The sample included the following institutions: the Ministry of Defence of BiH (hereinafter: MD), the Ministry of Foreign Affairs (hereinafter: MFA), the Ministry of Civil Affairs (hereinafter:

⁸ eKapija | How contracts are rigged in BiH – Hundreds of millions of KM stolen through tenders
Corrupt officials destroy the economy through rigged tenders | Capital.ba – Information is capital
<https://www.fokus.ba/vijesti/bih/granicna-policija-bih-tenderska-dokumentacija-za-nabavku-vozila-prilagodjena-firmi-iz-ljubuskog/2121763/>

⁹ Sustainable Development Goals are available at: https://www.ba.undp.org/content/bosnia_and_herzegovina/bs/home/sustainable-development-goals.html

Goal 16 – Promote peaceful, inclusive and just societies, promote the rule of law and ensure equal access to justice for all to build effective, accountable and inclusive institutions. **This** audit should particularly contribute to target 16.6 – Develop effective, accountable and transparent institutions at all levels of government.

¹⁰ Annex 2 – List of BiH institutions and abbreviations.

¹¹ Annex 3 – List of sampled BiH institutions

¹² Analysis of appeals upheld by URŽ in 2023; analysis of 2023 financial audit findings. Three institution groups by budget (over KM 50 million, KM 10–50 million and below KM 10 million).

MCA), the Institute for the Execution of Criminal Sanctions (hereinafter: IECS), the Agency for Medicinal Products and Medical Devices (hereinafter: AMP) and the General Secretariat of the Council of Ministers (hereinafter: GSCM).

The audit did not examine or challenge decisions of the Procurement Review Body (PRB) or financial audit findings.

The audit examined activities within the mandates of competent institutions, such as the Public Procurement Agency (hereinafter: PPA), the Procurement Review Body (hereinafter: PRB) and the Competition Council (hereinafter: CC), aimed at improving competition. It also examined progress in digitalising public procurement as envisaged in the 2016–2020 BiH Public Procurement Development Strategy and the 2024–2028 Public Procurement Strategy.

There were no limitations on the conduct of the audit that could affect the findings, conclusions and recommendations presented.

1.3. Audit questions and criteria

Audit questions

The identified audit problem can also be expressed as the following question:

Are BiH institutions efficient in undertaking activities to ensure competition in public procurement?

To better understand and analyse the problem and facilitate the collection of necessary data, two audit sub-questions were defined:

1. Do BiH institutions conduct public procurement procedures in a way that enables fair and active competition?
2. Are the competent BiH institutions efficient in establishing mechanisms that contribute to greater competition in public procurement?

Audit criteria

Audit criteria are benchmarks used to assess the audit subject and correspond to the audit questions. They derive from the objectives and principles underlying the Public Procurement Law¹³ (hereinafter: PPL) and its implementing regulations, the objectives and principles of legislation governing competition, strategic commitments in relevant strategies, and best practices in BiH and neighbouring countries.

Criteria for the first audit sub-question:

BiH institutions act transparently and provide equal and non-discriminatory treatment to all bidders in public procurement procedures, ensuring fair and active competition.¹⁴

¹³ Public Procurement Law of BiH, Official Gazette of BiH, Nos. 39/14, 59/22 and 50/24.

¹⁴ ZJN – Article 3 – General principles

BiH institutions are transparent at all stages of public procurement in accordance with PPL¹⁵ (publication of procurement plans, invitations, TD, contract awards, reports, etc.) and use all opportunities to enhance transparency and encourage competition.¹⁶

BiH institutions prepare tender documentation so that all potential bidders have equal access to information and tender requirements. Bidder selection criteria are clearly defined.¹⁷

When evaluating bids and selecting the most advantageous bidder, BiH institutions comply with the tender documentation requirements and act without discrimination, ensuring a fair process.¹⁸

Criteria for the second audit sub-question:

The competent institutions have established modern electronic public procurement tools (e.g. e-Submission, e-Catalogue, e-Evaluation, e-Dossier, etc.) that simplify public procurement procedures, enhance transparency and ensure greater competition.¹⁹

BiH institutions achieve price reductions in public procurement procedures through e-auctions, ensuring economy and efficiency in the use of public funds.²⁰ E-auctions have improved competition in public procurement. All planned e-auctions have been successfully conducted and contracts concluded with the most advantageous bidder.

The competent institutions have implemented activities planned under the 2024–2028 Public Procurement Strategy to strengthen monitoring of possible prohibited agreements (collusion).²¹

1.4. Information sources and audit methods

To better understand the audit subject, the legislation governing mandates and procedures, primarily PPL and the Competition Law²², was initially analysed. Other relevant laws and implementing regulations, internal regulations of audited entities and other relevant public procurement documents were also analysed.

The BiH Public Procurement Portal (hereinafter: e-Procurement Portal) was used to collect data for all BiH institutions on the number of bids per procedure, appeals, e-auction effects and related matters.

Analyses of sampled institutions involved examining procurement documentation (internal regulations, procurement plans, market research, tender documentation, contract award

¹⁵ ZJN – Article 17(5), Article 28(4), Articles 35, 36, 53, 70, 74 and 75.

¹⁶ ZJN – Article 28(5): In cases under Article 21(d), the contracting authority may publish information on the Public Procurement Portal about a negotiated procedure it intends to conduct without publication of a procurement notice, making the tender documentation available to all interested candidates.

Article 90(2): The contracting authority requests a price proposal or bid, in writing or through the Public Procurement Portal, from one or more economic operators carrying out the activity that is the subject of procurement.

¹⁷ ZJN – Article 3 – General principles; appeals upheld by URŽ; irregularities identified by financial audits.

¹⁸ ZJN – Article 3; appeals upheld by URŽ; irregularities identified by financial audits.

¹⁹ 2016–2020 BiH Public Procurement Development Strategy and 2024–2028 Public Procurement Strategy. [7fb9d4f0-fb70-46f3-8375-a1f147b74e6d.docx](#)

²⁰ ZJN – Articles 3 and 123. 2016 Rulebook on the Conditions and Manner of Using E-Auctions – commitment in the explanatory memorandum; 2023 Rulebook on the Conditions and Manner of Using E-Auctions.

²¹ 2024–2028 Public Procurement Strategy. Measure 37. Action 37.1. Conducting special monitoring

²² Competition Law, Official Gazette of BiH, Nos. 48/5, 76/7 and 80/9.

decisions, etc.), internal audit reports and other records, as well as interviews with institutional representatives.

An anonymous questionnaire was also used to collect information from bidders in the tested vehicle and IT equipment procurements of sampled institutions.²³

Information on the actions of competent institutions was collected through interviews and analysis of PPA, PRB and CC documentation.

Data from financial and performance audit reports addressing public procurement were also analysed. In addition, publicly available online information on competition in public procurement in neighbouring countries was analysed and compared.

Information from various sources was analysed and compared with the established criteria, and conclusions were drawn accordingly. Various qualitative and quantitative methods were used.

1.5. Report structure

Chapter 1 presents the reasons why the Audit Office conducted the audit. It also sets out the audit questions, objective, scope and limitations, criteria, information sources and audit methods.

Chapter 2 provides information on basic concepts, the procurement process and indicators of the state of competition in BiH.

Chapter 3 presents findings addressing the audit questions. The findings concern difficulties faced by BiH institutions in ensuring competition in public procurement.

Chapter 4 contains the audit conclusions, providing answers to the audit questions. Recommendations intended to ensure more efficient action to address the causes of weak competition are set out in Chapter 5.

²³ These procurements were selected because they were common to all sampled institutions and publicly advertised on the e-Procurement Portal.

2. BACKGROUND INFORMATION ON COMPETITION IN PUBLIC PROCUREMENT

2.1. Basic concepts

Public procurement is an instrument for securing goods, services and works for the public sector while respecting the principles of competition, transparency and rational spending of budget funds.²⁴

Public procurement in BiH is governed by the Public Procurement Law (hereinafter: PPL).²⁵ **This** Law regulates the public procurement system in BiH and establishes rules for procurement procedures by defining the rights, duties, responsibilities and legal remedies of participants, as well as the mandates of the Public Procurement Agency and the Procurement Review Body.²⁶

The general principle of public procurement requires contracting authorities to act transparently and provide equal and non-discriminatory conditions for all candidates and bidders. The aim is to ensure fair and open competition so that public funds are used as efficiently as possible, in accordance with the purpose and subject of procurement.²⁷

Competition in public procurement means the presence of several bidders or suppliers competing for the same public contract or procurement, to secure the best possible offer in terms of price, quality, delivery conditions and other relevant factors.

Ensuring competition in public procurement enables:

- reduced costs for the public sector,
- improved quality,
- encouragement of innovation,
- market balance,
- transparency and fairness.

The Parliamentary Assembly of BiH is responsible for adopting legislation on public procurement and competition. The Council of Ministers is responsible for proposing laws and adopting implementing regulations and public procurement strategies.

The Council of Ministers **adopted the 2016–2020 BiH Public Procurement Development Strategy²⁸ and the 2024–2028 Public Procurement Strategy²⁹**. These documents set key strategic objectives at BiH level for developing the public procurement system over a four-

²⁴ PUBLIC PROCUREMENT MANUAL, <https://files.javnabavke.gov.ba/news/18e88cf7-6118-4096-84d2-5dcba4aa29ae.pdf>; Public Procurement Law of BiH, Official Gazette of BiH, Nos. 39/14, 59/22 and 50/24.

World Bank Procurement Guidelines (e.g. World Bank Procurement) <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/532831468739693456/procurement-guidelines> [Public procurement](https://www.oecd.org/en/topics/public-procurement.html) | [OECD](https://www.oecd.org/en/topics/public-procurement.html)

²⁵ Public Procurement Law of BiH, Official Gazette of BiH, Nos. 39/14, 59/22 and 50/24.

²⁶ Article 1 of the Public Procurement Law of BiH, Official Gazette of BiH, Nos. 39/14, 59/22 and 50/24.

²⁷ Article 3 of the Public Procurement Law of BiH, Official Gazette of BiH, Nos. 39/14, 59/22 and 50/24.

²⁸ 77th session of the Council of Ministers of BiH, 13 October 2016

²⁹ The 43rd session of the Council of Ministers of BiH, 19 March 2024, adopted the 2024–2028 Public Procurement Strategy. [8e41c180-de87-4eeb-8ef3-0fa25f5b758e.docx](https://files.javnabavke.gov.ba/news/18e88cf7-6118-4096-84d2-5dcba4aa29ae.pdf)

year period. All strategic objectives are, directly or indirectly, linked to protecting and improving competition in public procurement.

One strategic objective is the development of electronic public procurement to facilitate market access, reduce administrative barriers and encourage more bidders to participate. PPA is the key institution responsible for establishing electronic public procurement through drafting regulations and developing modules. Further information on the strategic objectives is provided in Annex 4 – Strategic objectives defined in the 2016–2020 and 2024–2028 strategies.

PPA and PRB are the competent institutions for monitoring the application of PPL.³⁰

The Public Procurement Agency proposes and adopts public procurement regulations, monitors, collects and publishes relevant data, develops and establishes the electronic public procurement information system and electronic public procurement, provides technical and professional support for applying the Law, proposes strategies and performs related activities.³¹

PPA established the **Public Procurement Portal**, an information system (hereinafter: e-Procurement Portal)³² intended to enable electronic public procurement.

Electronic procurement is a general term for public procurement based on electronic communication in procurement procedures. It involves introducing electronic tools that support various stages of the procurement process, from planning to contract implementation.³³

The e-Procurement Portal currently supports publication of procurement notices, TD, contract awards, procedure cancellations and other notices required by PPL, communication, registers of contracting authorities and bidders, e-auctions and related functions. It enables contracting authorities to publish tenders transparently, bidders to access information and compete, and the public and oversight bodies to review public spending.

PRB is responsible for resolving appeals concerning public procurement procedures. Where a breach of PPL is suspected, bidders have the right to appeal. PRB may annul a contracting authority's decision, order a procedure to be repeated or reject an appeal as unfounded. It may also issue decisions dismissing appeals or terminating proceedings where appeals are defective, late or fail to meet other formal requirements.

The Competition Council is responsible for protecting market competition under the Competition Law.³⁴ It acts in cases of suspected breaches of competition rules, such as prohibited agreements between bidders (e.g. coordinated bidding), abuse of a dominant market position and other restrictions of competition.

Contracting authorities are institutions that conduct public procurement procedures. Their role is crucial because their decisions and practices can encourage competition (e.g. through

³⁰ ZJN – Article 91.

³¹ Article 92 of ZJN

³² [e-Procurement](#)

³³ 2016–2020 BiH Public Procurement Development Strategy

³⁴ Competition Law, Official Gazette of BiH, Nos. 48/5, 76/7 and 80/9.

transparent and fair conditions, realistic deadlines and open criteria) or restrict it (e.g. through excessively restrictive documentation, short deadlines or favouring particular bidders).

Bidders (economic operators) participate in public procurement procedures as candidates for contract awards. Their interest and willingness to participate determine the actual level of competition. Competition may be encouraged when multiple bidders participate freely, or restricted through prohibited agreements (e.g. cartels), withdrawal due to high documentation barriers, distrust in the fairness of procedures and similar factors.

2.2. Public procurement process

The public procurement process in BiH is presented below, emphasising elements that contribute to transparency, fairness and equal access for all participants, thereby encouraging and strengthening competition.

- **Planning:** Public procurement begins with institutions identifying their operational needs. Based on these needs and the available budget, they estimate procurement values. They then prepare and publish procurement plans on the e-Procurement Portal.
- **Selection of the procurement procedure:** Institutions select the type of procedure according to the estimated value and subject of procurement (open, negotiated with or without publication, competitive request, restricted procedure, etc.).
- **Market research** (preliminary market consultation): Before launching a procedure, institutions carry out preliminary market consultation and draw up an official note to prepare procurement and inform economic operators of their procurement plans and requirements.
- **Preparation of tender** documentation: Tender documentation provides complete information on the procurement subject, contract terms and award procedure, sufficient for candidates/bidders to prepare requests to participate or bids on a genuinely competitive basis.
- **Publication:** The contracting authority must publish a procurement notice for open procedures, restricted procedures, negotiated procedures with publication of notice, design contests, competitive dialogue and competitive requests for quotations.
- **Submission of bids:** Bidders submit sealed bids in accordance with TD. Each bidder is entitled to submit one bid. A bid is a document offering the supply of goods, provision of services or execution of works under conditions specified by the contracting authority in the tender documentation. Bids may be admissible³⁵, unacceptable³⁶ or irregular³⁷.
- **Opening and evaluation of bids:** Bids are opened publicly and evaluated against predefined criteria. A committee evaluates the bids; before starting work, all committee members sign declarations of impartiality and absence of conflicts of interest.
- **E-auction:** An e-auction is an electronic process forming part of a public procurement procedure, involving submission of new, lower prices and/or new values for certain bid

³⁵ A bid submitted by a bidder not excluded under Article 45 of this Law who meets the criteria for selecting the most advantageous bid, where the bid complies with technical specifications and is neither irregular nor unacceptable;

³⁶ A bid whose price exceeds the contracting authority's planned or secured procurement funds, or a bid from a bidder who does not meet the economic operator qualification criteria;

³⁷ A bid that does not comply with tender documentation, is received after the submission deadline, is subject to evidence of collusion or corruption, is not the result of market competition, or has been found by the contracting authority to have an abnormally low price;

elements. It follows the initial bid evaluation and enables bids to be ranked using automated evaluation methods in the public procurement information system.

- **Contract award decision:** Upon completion of the procedure, a decision selecting a bidder or cancelling the procedure is issued and bidders are notified. A contract award or cancellation notice is published.
- **Contract conclusion:** The contract is signed with the selected bidder or the next-ranked bidder if the first withdraws.
- **Legal remedies:** Bidders may appeal at different stages of the procedure. Appeals are submitted to PRB through the contracting authority. An appeal may suspend further proceedings.

2.3. Key indicators

This chapter provides basic data on the types of procurement procedures published and conducted, contracts awarded and the state of competition in BiH institutions in 2022–2024.

During the period reviewed, BiH institutions published over 3,500 procurement notices, mainly for open procedures and competitive requests for quotations. The table below shows published procurement notices by year and type of procedure.

Table 1 – Published procurement notices by procedure type and year

Type of procedure	Number of notices			Total
	2022	2023	2024	
Open	544	550	575	1,669
Competitive request	575	695	620	1,890
Restricted	13	4	5	22
Negotiated with publication	6	7	5	18
Competitive dialogue	0	0	0	0
Design contest	0	0	0	0
Total	1,138	1,256	1,205	3,599

Source: Audit Office, based on e-Procurement Portal data

Almost one third of published procedures were divided into lots, bringing the total number of procedures to approximately 6,000.³⁸

Over 75% of these procedures ended in contract awards³⁹, approximately 23% were cancelled, and around 2% had not been completed at the time of the audit.⁴⁰

In addition, BiH institutions conducted 497 negotiated procedures without publication of notice, representing approximately 10% of published procedures. Around 95% ended in contract awards worth approximately KM 9 million.⁴¹

³⁸ 877 procedures were divided into lots, totalling 3,272 (3,599 – 877 + 3,272 = 5,994). A total of 5,994 procurement procedures were published.

³⁹ e-Procurement Portal – 4,469 contracts

⁴⁰ Procedures were analysed by lot; accordingly, 4,469 contracts were awarded, 1,372 procedures were cancelled and 143 remained incomplete.

⁴¹ 470 procedures ended in contract awards – e-Procurement Portal. Contracts awarded through negotiated procedures without publication of notice in 2022–2024 were worth approximately KM 9 million, around 2% of the value of contracts awarded following published procurement notices.

The total value of the above contracts awarded during the period reviewed was approximately KM 405 million.

The average number of admissible bids for these contracts was 1.7.

The following table shows the number of bids in procedures resulting in contract awards by BiH institutions during the period reviewed.

Table 2 – Contracts awarded⁴² and bids received/admissible bids

Description	2022	2023	2024	Total
Number of contracts awarded	1,518	1,907	1,518	4,943
Number of bids received	2,791	3,835	2,971	9,597
Number of admissible bids	2,497	3,129	2,602	8,228
Average number of bids received	1.8	2	2	1.9
Average number of admissible bids	1.6	1.6	1.7	1.7

Source: Audit Office, based on e-Procurement Portal data

Over 60% of contracts were awarded on the basis of only one admissible bid. In most cases, this was also the only bid received.

The audit also found that procurement procedures in BiH institutions were cancelled during the period reviewed because no bids were received or none were admissible. More than 100 procedures were cancelled for these reasons in sampled institutions alone.⁴³

Comparison with the average number of bids in other countries in the region, such as Serbia and Croatia, shows a significantly lower level of competition in BiH institutions.

The following table shows the average number of bids received in BiH and neighbouring countries.

Table 3 – Average number of bids received

Description	2022	2023	2024
BiH institutions	1.8	2	2
BiH	2.1	1.6	1.6
Serbia	2.5	2.4	2.5
Croatia	3.7	3.3	/*

Source: e-Procurement Portal and reports of competent public procurement institutions in BiH, Serbia and Croatia

*Data unavailable

⁴² Excluding direct agreements

⁴³ e-Procurement Portal data – procedure cancellation notices – Annex 5 – Cancelled procedures by sampled institution.

The data show that an average of two to four bids per procedure were received in those countries, considerably above the level achieved by BiH institutions.

BiH institutions also used direct agreements for low-value procurement. During the period reviewed, over 12,000 contracts worth approximately KM 13 million⁴⁴

The above data for sampled institutions are provided in Annex 6 – Data for sampled institutions.

⁴⁴ e-Procurement Portal – report on procurement procedures conducted

3. FINDINGS

This chapter presents the audit findings. They represent departures from the criteria used to assess the activities of BiH institutions to ensure competition in public procurement.

3.1. Activities of BiH institutions to ensure competition

This section presents findings showing that BiH institutions do not always act transparently or provide equal and non-discriminatory treatment to all bidders, thereby failing to ensure fair and active competition. Available tools to enhance transparency were insufficiently used, and competition was restricted through TD and bid evaluation.

Insufficiently clear market research procedures and established practices that depart from the principles of transparency and competition reveal weaknesses that restrict competition in public procurement procedures. The absence of systematic monitoring and analysis of procedures and appeals further prevents institutions from identifying and addressing shortcomings promptly and improving competition.

3.1.1. Transparency in public procurement

BiH institutions do not conduct all procurement procedures transparently and do not fully use the Public Procurement Portal's capabilities to enhance transparency.

Transparency in public procurement is a fundamental prerequisite for fair and equal competition among bidders. Lack of transparency reduces the number of potential participants and restricts access to information, ultimately impairing the efficiency and economy of public spending.

During the period reviewed⁴⁵ (2022–2024), BiH institutions frequently used negotiated procedures without publication of notice. This type of procurement has a lower level of transparency, which may reduce participation by economic operators and weaken competition. BiH institutions awarded approximately 500 contracts through this procedure, representing around 15% of all contracts awarded by BiH institutions during the period reviewed.

Analysis of the use of negotiated procedures without publication by all contracting authorities in BiH showed that BiH institutions use this procedure more frequently than other contracting authorities.⁴⁶ In 2024, BiH institutions made progress by reducing the number of negotiated procedures compared with previous years.⁴⁷

Unless legally required, institutions rarely use all the Public Procurement Portal's capabilities to make procurement more transparent.

⁴⁵ BiH institutions awarded 3,081 contracts in 2022–2024 (open, restricted, negotiated with and without publication, competitive dialogue and design contests), including 470, or 15%, through negotiated procedures without publication of notice. Low-value procedures – competitive requests and direct agreements – were excluded from this total.

⁴⁶ According to AJN contract award reports for 2022–2024, excluding BiH institutions, 192,720 contracts were awarded (open, restricted, negotiated with and without publication, competitive dialogue and design contests), including 14,737, or 7.6%, through negotiated procedures without publication of notice.

⁴⁷ In 2021 – 122; in 2023 – 321; and in 2024 – 27.

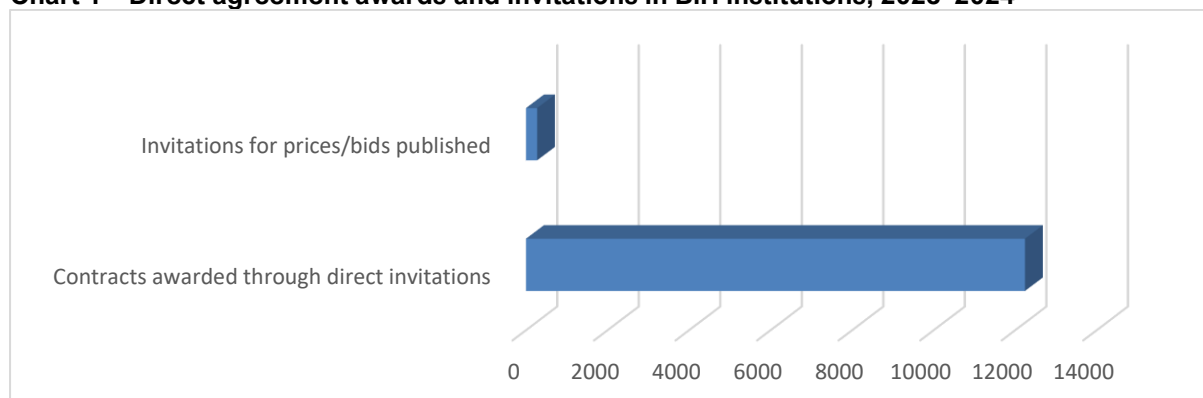
BiH institutions rarely used the option to publish information on negotiated procedures without publication of notice to enhance transparency.⁴⁸ Although this option was introduced by amendments to PPL applicable from 2023, the audit found that BiH institutions conducted 301 such procedures in 2023 and published information for only one. Progress was recorded in 2024, when information on all four negotiated procedures without mandatory publication was published on the e-Procurement Portal.

Institutions rarely use all the Public Procurement Portal's capabilities to make procurement more transparent.

BiH institutions also made insufficient use of the Public Procurement Portal when collecting price proposals or bids for direct agreements. Although this functionality has been available since 2023⁴⁹, only 22 of 75 BiH institutions used

it. None consistently published notices for all direct procedures where applicable⁵⁰. The following chart shows contracts awarded through direct agreements during the period reviewed and invitations to submit bids published⁵¹.

Chart 1 – Direct agreement awards and invitations in BiH institutions, 2023–2024



Source: Audit Office, based on e-Procurement Portal data

This indicates insufficient use of available tools that can enhance transparency and enable more bidders to participate.

Weaknesses were also found in the publication of procurement plans on the e-Procurement Portal. Technical difficulties in certain institutions prevented publication⁵² or made individual institutions' procurement plans difficult to find.⁵³

⁴⁸ Amendments to ZJN adopted in 2022, applicable from 2023: ZJN – Article 28(5): In cases under Article 21(d), the contracting authority may publish information on the Public Procurement Portal about a negotiated procedure it intends to conduct without publication of a procurement notice, making the tender documentation available to all interested candidates.

⁴⁹ 2022 amendments to ZJN. ZJN – Article 90(2): The contracting authority requests a price proposal or bid, in writing or through the Public Procurement Portal, from one or more economic operators carrying out the activity that is the subject of procurement. ZJN – Article 28(5): In cases under Article 21(d), the contracting authority may publish information on the Public Procurement Portal about a negotiated procedure it intends to conduct without publication of a procurement notice, making the tender documentation available to all interested candidates.

⁵⁰ These institutions had 4,461 direct agreements in 2023–2024 and published 283 invitations in total.

⁵¹ e-Procurement Portal data – upgraded audit module

⁵² SPS and MS were assigned the same user profile on the Public Procurement Portal, making it impossible for both institutions to publish their procurement plans. [OpenAttachment](#)

⁵³ Procurement plans published on the e-Procurement Portal as part of the plans of parent institutions (BHMAC under MCP, PARCO under GTVM and UZZB under MVTEO).

3.1.2. Equal treatment and non-discrimination

BiH institutions do not ensure equal treatment of bidders or fair and active competition in all public procurement procedures.

Almost half of BiH institutions breached equal treatment of bidders and the conditions for fair and active competition at least once during the period reviewed when preparing TD or evaluating bids. Such practices restricted equal market access and reduced competition.

BiH institutions undermine competition through TD and bid evaluation.

These practices were confirmed by appeals upheld by PRB, institutions' own decisions to amend TD or cancel procedures, and financial audit findings.

Of 75 institutions, 35 had at least one appeal upheld by PRB concerning irregularities in TD, bid evaluation, bidder selection or procedure cancellation that undermined fair and active competition.⁵⁴

Financial audit findings show that irregularities in TD preparation and bid evaluation were identified in 23 of 76 institutions.⁵⁵

Of 110 appeals lodged⁵⁶ in sampled institutions alone, more than half were substantiated. The most frequent complaints concerned irregularities in bid evaluation (approximately 70%) and deficiencies in TD (approximately 20%).⁵⁷

The following chart presents upheld appeals in sampled institutions and the matters they concerned.

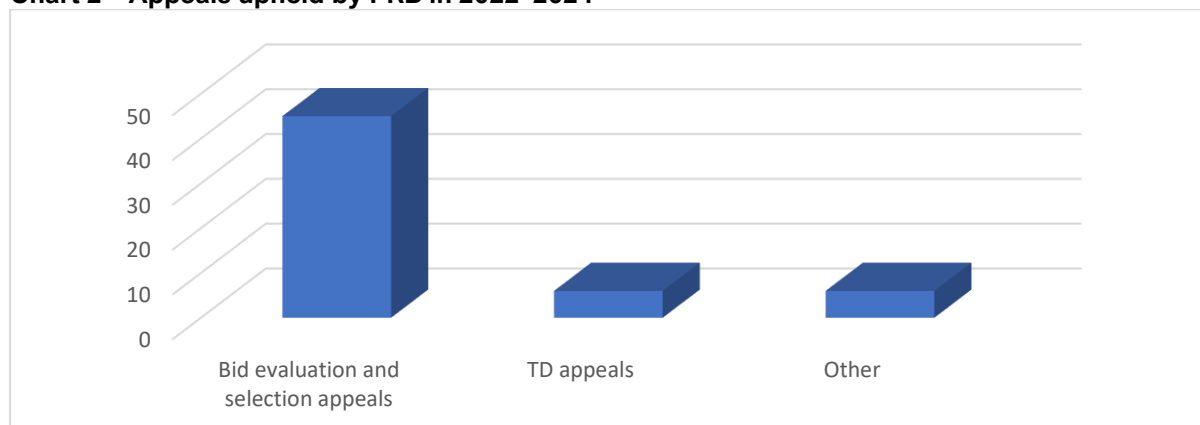
⁵⁴ Annex 7 – Table of upheld appeals for BiH institutions.

⁵⁵ Annex 8 – Institutions with weaknesses identified in the 2023 financial audit reports.

⁵⁶ Annex 9 – Appeals lodged and upheld by grounds of appeal for sampled institutions

⁵⁷ Of 57 upheld appeals, 51 concern restrictions of competition.

Chart 2 – Appeals upheld by PRB in 2022–2024



Source: Audit Office, based on e-Procurement Portal data and documentation of sampled institutions

The remaining appeals concerned exclusion of bidders from procurement procedures (blacklisting), reimbursement of appeal costs and related matters.

During the period reviewed, sampled institutions themselves also upheld 33⁵⁸ appeals concerning TD, bid evaluation and bidder selection.

Upheld appeals resulted in amendments to or annulment of TD and bidder selection decisions, and cancellation of entire procurement procedures.

Weaknesses in TD preparation concern restrictive qualification and technical requirements, unclear technical and professional capacity criteria, unjustified combination of different procurement items, unreliable value estimates, failure to provide for equivalents, imprecise bid evaluation forms and similar issues.

Weaknesses in TD preparation may stem from insufficient and incomplete preliminary market consultation, a prerequisite for preparing high-quality TD.

Although institutions must undertake this activity before launching procurement procedures, the audit found that preliminary market consultation in sampled institutions was inconsistent, lacked a clearly defined approach and had limited reach. Analysis showed that market research practices were insufficiently developed, directly affecting procurement preparation quality and creating a risk of restricting competition. Although institutions conduct research, key information needed to prepare TD that enables fair and active competition was missing.

Although formally included in internal procurement procedures, preliminary market consultation is implemented and documented differently across institutions, while legislation does not sufficiently specify the methods, scope and minimum requirements for its implementation⁵⁹.

⁵⁸ Annex 10 – Appeals upheld by institutions themselves.

⁵⁹ ZJN – Article 14a (Preliminary market consultation)

(1) Before launching a procedure, the contracting authority conducts market consultation to prepare procurement and inform economic operators of its procurement plans and requirements. For this purpose, it may seek or accept advice from independent experts, competent bodies or market participants.

Institutions use various market research methods, including internet searches, direct enquiries to bidders, telephone contacts, company visits and analysis of previous experience. The notes

Established preliminary market consultation practices do not always support the preparation of high-quality TD.

prepared generally provide only information on the research method and estimated procurement value. The notes and other documentation collected usually make it difficult to assess which key elements an institution used to prepare TD without

restricting competition or to increase it further.

Sampled institutions report that bidders are often unwilling to respond to invitations and provide indicative quotations.⁶⁰ Analysis of 57 invitations to provide indicative quotations found that only 22 quotations were received, with some cases yielding none.⁶¹

Sampled institutions also report difficulties in preparing TD, particularly for specialised procurement. Challenges include specifying required bidder or product certificates, distinguishing services from products, insufficient professional preparation of technical and economic parameters⁶², and defining requirements for maintaining existing equipment (information and security systems, licences), among others.⁶³

Weaknesses in established market research practices in BiH institutions have also been highlighted in financial audit reports for many years.⁶⁴

Identified TD weaknesses may discourage bidders from submitting bids. Analysis of tested procurement procedures⁶⁵ in sampled institutions found that TD was downloaded an average of 8.2 times per procedure, while only 1.4 bids were received.

Weaknesses in bid evaluation and bidder selection concern errors in assessing compliance with qualification and technical requirements, unnecessary rejection on formal grounds, insufficient clarification of ambiguities before decisions and related issues.

Weaknesses in bid evaluation and bidder selection may be linked to insufficient care during evaluation, leading to oversights in assessing compliance with TD requirements. The absence of a practice of analysing previous errors identified in appeal proceedings and assessing their causes also contributes to these problems.

Sampled institutions state that appeals are analysed primarily to prepare responses. However, the audit did not obtain assurance that appeal proceedings are systematically analysed to identify their causes or that adequate measures are taken to address weaknesses and prevent similar situations in future.

(2) A written note of all actions and procedures undertaken during preliminary market consultation is prepared and placed in the case file. This advice may be used in planning and conducting procurement provided it does not distort market competition or breach the principles of non-discrimination and transparency.

⁶⁰ ALMS – equipment maintenance and validation; MCP – specialised procurement where all bidders must purchase from a particular manufacturer; GTVM – general-use procurement items, e.g. office supplies.

⁶¹ MCP – computers: none of nine invitations resulted in an indicative quotation.

⁶² Reports of the MO Contracting and Procurement Section

⁶³ Meeting notes, ALMS and ZIKS

⁶⁴ Annual audit reports on main findings and recommendations for 2021, 2022 and 2023

⁶⁵ Vehicles, computers and tyres

Although all sampled institutions recognise procurement as a risk area⁶⁶ and undertake certain related activities⁶⁷, the audit found insufficient analysis and evaluation of completed procurement procedures. Most institutions do not systematically analyse procurement or report identified problems and improvement measures. Only one of six sampled institutions⁶⁸ regularly analyses procedures and identifies bottlenecks; two others keep basic records of procedure numbers and values⁶⁹. Public procurement had also been subject to internal audits in two institutions.⁷⁰

Insufficient analysis and reporting of procurement problems results in a lack of improvement measures.

This approach prevents timely and targeted measures to improve procurement. Consequently, it increases the risk of repeated errors in future procedures, inefficient

public spending and reduced transparency and accountability in managing public resources.

To examine the problems from the market's perspective, a bidder survey was also conducted.⁷¹ Although the response rate was limited⁷², the results indicate⁷³ that most bidders have positive experiences and recognise e-auctions and digitalisation as positive contributions to procurement efficiency. However, concerns remain about procedural fairness and transparency. Some responses indicate perceived favouritism and possible price fixing, further undermining confidence in the procurement system.

3.2. Systemic measures to improve competition

This section presents findings showing that the competent institutions are inefficient in establishing mechanisms intended to increase competition in public procurement.

The development of electronic public procurement, a strategic commitment intended to facilitate market access, reduce administrative barriers and encourage more bidders to participate, is progressing slowly with limited results.⁷⁴ Although digitalisation was planned as early as 2016, most key functionalities have not been established, and further progress largely depends on legislative amendments that have yet to be adopted.

The established e-auction mechanism has not sufficiently contributed to achieving its objectives: use is limited, competition is weak and expected savings are not achieved. Practical experience reveals numerous operational and systemic weaknesses that diminish this tool's

⁶⁶ The most frequent risks concern delays in action and insufficient expertise of committee members.

⁶⁷ All have an established practice of committee members signing declarations of absence of conflicts of interest and state that committees always include people with expertise in the procurement subject and procurement procedures.

⁶⁸ MO – Reports of the MO Contracting and Procurement Section

⁶⁹ GTVM and MCP

⁷⁰ MO and MVP.

MO: Internal audit reports: "Audit of the procurement of supplies and execution of minor repairs in the MO BiH building", December 2024; "Audit of the preparation of the goods, services and works procurement plan for MO and the Armed Forces of BiH", August 2023; "Procurement plan implementation process", November 2024.

MVP: Internal audit reports: "Audit of procurement of goods, services and works", November 2023; "Audit of procurement of goods, services and works – direct agreements", August 2024.

⁷¹ The survey covered tested procurements with low numbers of bids received (motor vehicles and computer equipment).

⁷² Questionnaires were sent to 82 addresses; the response rate was 30%.

⁷³ Annex 11 – Summary questionnaire data

⁷⁴ 2016–2020 Public Procurement Strategy and 2024–2028 Public Procurement Strategy

effects and indicate the need for substantial improvements in the approach to digitalising procurement processes.

Delays in implementing strategic measures, particularly special monitoring, slow efforts to reduce the risk of prohibited agreements (collusion) and other unlawful practices, affecting the efficiency of the public procurement system.

3.2.1. Electronic public procurement

The development of electronic public procurement, intended to facilitate market access, reduce administrative barriers and encourage more bidders to participate, is delayed.

The 2016–2020 Public Procurement Strategy ⁷⁵ envisaged electronic procurement development through modules supporting various stages of procurement, from planning to contract implementation.

Not all electronic public procurement modules have yet been established in BiH.

However, the audit found that most modules underpinning electronic procurement have not been established. The following table shows the electronic procurement modules envisaged in the 2016 Strategy and their current implementation status.

Table 4 – Implementation status of electronic procurement modules under the 2016–2020 Public Procurement Development Strategy

Planned	Developed
e-Notification	Yes
e-Access	Yes
e-Submission	No
e-Auction	Yes
e-Catalogue	No
e-Evaluation	No
e-Ordering	No
e-Invoicing and e-Payment	No

Source: PPA reports and the 2024 report on the 2024–2028 Public Procurement Strategy

According to PPA representatives, delays in system development and incomplete implementation of the planned modules result from technical and legal obstacles. The main challenges concern the use of electronic signatures and insufficient IT integration and interconnection of necessary databases and registers. Addressing these obstacles is also envisaged through amendments to PPL, which are being prepared.

The new Public Procurement Strategy covering the period from 2024 continues electronic procurement development, including activities not previously implemented.

⁷⁵ 2016–2020 Public Procurement System Development Strategy

Table 5 – Status of planned electronic procurement development activities under the 2024–2028 Public Procurement Strategy

Planned	Due date	Developed
Module for electronic submission and opening of bids	2026 Q4	
Module for DPS and e-Catalogue	2027 Q2	
Module for electronic bid evaluation and generation and publication of decisions	2026 Q1	
Module for electronic preparation of tender documentation	2026 Q4	
e-Dossier module	2028 Q2	
Module for investigative bodies	2027 Q3	
Database of certificates of satisfactory contract performance ⁷⁶	2024 Q4	Yes
Contract publication module	2027 Q4	
e-Appeals module	2027 Q3	
Module for detailed analytics and monitoring of procurement procedures	2028 Q1	
Centralised procurement module	2024 Q1	Yes

Source: 2024 annual report on implementation of the 2024–2028 Public Procurement Strategy

Although several modules were planned, only two had been completed by the time of the audit, one of which was still being tested.⁷⁷ Adoption of a new public procurement law is a prerequisite for the remaining modules; under the 2024–2028 Strategy, the deadline for drafting that law is the end of 2025.

3.2.2. E-auctions

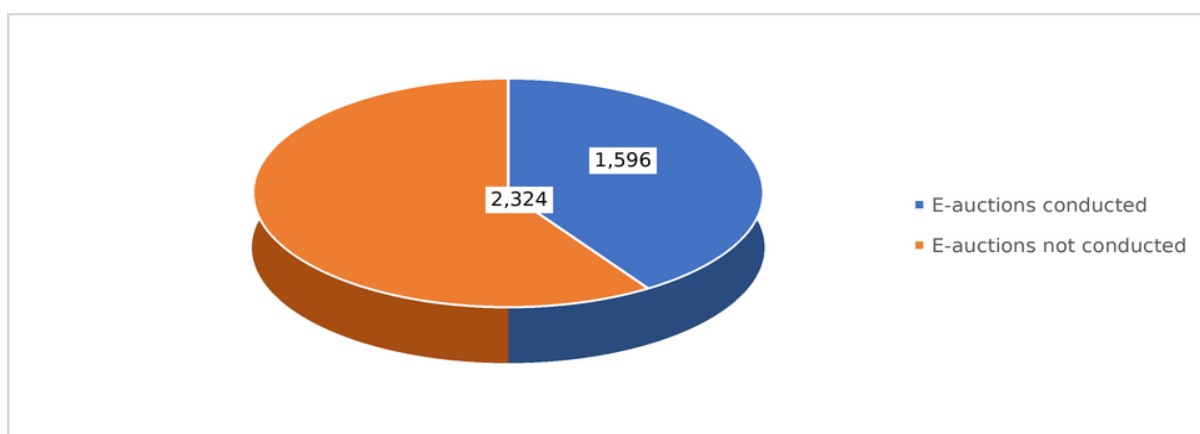
E-auctions in BiH institutions have not achieved the expected increase in competition and price reductions. More than half of planned e-auctions were not conducted, and in some cases contracts were awarded to bidders offering higher prices, resulting in lost savings.

During the period reviewed, BiH institutions did not conduct more than 60% of planned e-auctions for awarded contracts. The main reason given was the presence of only one qualified bid, indicating limited practical application of this mechanism. The chart below compares conducted and non-conducted e-auctions.

⁷⁶ Development of the certificate database module for satisfactory contract performance and the related implementing regulation has been completed; these activities did not depend on adoption of the new ZJN – 2024 annual report on implementation of the 2024–2028 Public Procurement Strategy in BiH (e-Consultations). The module is currently undergoing functionality testing. It will provide a database of satisfactory contract performance certificates, electronic submission of applications and issuance of certificates through the system, as an upgrade to the e-Procurement information system being prepared for production.

⁷⁷ Module – Database of certificates of satisfactory contract performance

Chart 3 – E-auctions conducted and not conducted in 2022–2024



Source: Audit Office, based on e-Procurement Portal data

Even where e-auctions were conducted, results do not always indicate savings. Of 1,596 e-auctions conducted, approximately 25% did not lead to price reductions.

Many e-auctions were not conducted, and those conducted did not always reduce prices.

Where prices were reduced, average savings were approximately 10% compared with the lowest bid before the e-auction.⁷⁸ However, the actual effect was often smaller because contracts were not always concluded with the bidder

offering the lowest price.

Numerous cases were identified where bidders declined to sign contracts or failed to submit required documentation, resulting in awards to bidders offering higher prices. Analysis of e-Procurement Portal data showed that contracts were awarded to higher-priced bidders in at least 50 cases, causing additional costs exceeding KM 220,000.⁷⁹ This amount may be higher, as the analysis covered only contracts for which explanations of value differences were available.

Similar findings were recorded in sampled institutions. Of 36 e-auctions planned for tested procurements, more than 60% were not conducted, mainly due to insufficient qualified bids.⁸⁰ More than half of conducted e-auctions did not reduce prices; where reductions occurred, the total difference was only 0.10% compared with the lowest price before the e-auction.

Withdrawal of the most advantageous bidders after e-auctions resulted in contract awards to bidders offering higher prices.

In sampled institutions, contracts were also awarded to higher-priced bidders in at least 17 cases⁸¹, causing additional costs exceeding KM 30,000. Cases were recorded where no bidder

⁷⁸ Initial bid prices were approximately KM 93 million; prices after e-auctions were approximately KM 84 million. The difference was almost KM 9 million.

⁷⁹ These awarded contracts were worth approximately KM 1.2 million.

⁸⁰ Of 36 planned e-auctions, 12 were conducted and five reduced prices. The total lowest price before e-auctions was KM 1,604,705 and after e-auctions KM 1,603,193: a difference of KM 1,512.

⁸¹ GTVM, MO, ZIKS and MCP

accepted contract conclusion or submitted the required documentation after an e-auction.⁸² In these cases, procurement procedures were cancelled without consequences for bidders.

According to institutional representatives, bidders often withdraw because prices achieved during e-auctions are unrealistic, falling below levels permitting economically viable contract performance. One institution attempted to sanction bidders by blacklisting them, but PRB annulled the decision.⁸³

ZJN requires the contracting authority to award the contract to the next-ranked bidder if the first withdraws, even if the next bidder's price is higher.

Unlike BiH regulations⁸⁴, which require the proposed contract to be offered to the bidder ranked immediately after the most successful bidder, regulations in certain countries in the region allow, but do not require, contracting authorities

to award contracts to the next-ranked bidder in such circumstances.⁸⁵ Where bidders have made agreements, this wording of the BiH legal provision may encourage withdrawal in favour of a higher-priced bidder.

PPA⁸⁶ also highlights these problems, noting that some bidders deliberately lower prices to unrealistic levels, knowing they will be unable to perform the contract. This constitutes abuse of e-auctions and may indicate coordination among bidders, resulting in procedural delays and awards to higher-priced bidders. Although PPA reports e-auction results, the data presented do not permit comprehensive assessment of their actual effects. Reports show percentage price reductions relative to initial bids but do not indicate whether contracts were ultimately awarded to the most advantageous bidder. This limits assessment of e-auctions' efficiency as an instrument for achieving better procurement terms.

Sampled institutions state that they sometimes suspect unlawful agreements among bidders but have taken no concrete measures. They attribute this to difficulties in proving such agreements and a lack of knowledge and capacity to respond.

Within its mandate, the Competition Council conducts proceedings to establish prohibited agreements in public procurement. In 2022–2024, CC handled 15 reports/applications concerning possible prohibited agreements in procurement procedures. Two⁸⁷ resulted in decisions establishing prohibited agreements between bidders and imposing sanctions.⁸⁸

⁸² MO, ALMS and ZIKS

⁸³ ALMS

⁸⁴ Article 72(3) of ZJN – The contracting authority submits the proposed contract to the bidder ranked immediately after the most successful bidder if the most successful bidder: (a) fails to submit originals or certified copies of documentation under Articles 45 and 47 of this Law, no older than three months from submission of the bid or request to participate, within the deadline set by the contracting authority; or (b) fails to submit documentation required for signing the contract that it was obliged to obtain under regulations in Bosnia and Herzegovina; or (c) declines the contract award in writing; or (d) fails to submit performance security in accordance with the tender documentation and within the deadline set by the contracting authority; or (e) fails to sign the procurement contract within the deadline set by the contracting authority; or (f) refuses to conclude the contract under the terms stated in the tender documentation and its submitted bid.

⁸⁵ Article 152(3) of Serbia's Public Procurement Law, Official Gazette of the Republic of Serbia, Nos. 91/19 and 92/23; Article 149 of Montenegro's Public Procurement Law, Official Gazette of Montenegro, Nos. 074/19, 003/23 and 011/23. By contrast, regulations in certain countries in the region allow, but do not require, contracting authorities to award contracts to the next-ranked bidder in these situations.

⁸⁶ Draft report on monitoring procurement procedures for 2023

⁸⁷ Annex 12 – Overview of decisions establishing collusion

⁸⁸ Prohibited agreements were established in one construction works procurement procedure and 15 computer equipment procurement procedures, including two involving BiH institutions (DEI and KV).

Of the remaining reports/applications, seven did not establish reasonable suspicion, so proceedings were not initiated. In one case the applicant withdrew, one proceeding was terminated for other substantiated reasons, and proceedings concerning four reports remain pending.

Interviewees stated that CC has difficulties collecting evidence to establish reasonable suspicion during preliminary investigations. They plan to improve this stage through amendments to the Competition Law, which are underway.

3.2.3. Measures to strengthen monitoring of possible prohibited agreements (collusion)

CC and PPA are late in implementing the activity to strengthen monitoring of possible prohibited agreements (collusion) between bidders planned under the 2024–2028 Public Procurement Strategy.

This measure entails special monitoring to obtain data and deeper insight into collusion between bidders. Its findings should provide a basis for measures to reduce opportunities for collusion and other unlawful practices harmful to the procurement system.

Measures to strengthen monitoring of possible prohibited agreements between bidders are delayed.

Although the Competition Council and the Agency undertook certain activities to implement this measure⁸⁹, it had not been completed by the

end of the audit, despite a deadline of the second quarter of 2025.

⁸⁹ A joint KV and AJN working group was appointed in October 2025, and the Methodology for Special Monitoring was adopted in November 2025.

4. CONCLUSIONS

The Audit Office conducted a performance audit on “Activities of BiH Institutions to Ensure Competition in Public Procurement”. The audit found that BiH institutions are inefficient in undertaking activities to ensure competition in public procurement.

Existing transparency tools were insufficiently used, while deficiencies in procurement preparation and implementation restricted competition. Respect for transparency and non-discrimination by BiH institutions in procurement creates conditions for fair and active competition. However, establishment of mechanisms intended to systematically improve competition and thereby ensure the most efficient use of public funds for a given procurement subject is delayed and does not yield expected results.

As a result, procurement does not fulfil its potential as a mechanism for encouraging competition, developing markets and efficiently managing public funds. Instead, it largely operates in an environment with limited bidder participation, increasing the risk of inefficient outcomes, lack of transparency and potentially anti-competitive behaviour. These shortcomings also undermine public confidence in the integrity of the procurement system.

4.1. Activities of BiH institutions to ensure competition

Procurement procedures conducted by BiH institutions do not always ensure fair and active competition.

Weaknesses were found in applying transparency, equal treatment and non-discrimination principles, resulting in restricted competition. Insufficient use of available transparency tools, imprecisely defined market research procedures and practices departing from applicable principles further reduce competition. The absence of systematic monitoring and analysis of procurement procedures and appeals prevents timely identification and correction of shortcomings, limiting institutions’ ability to improve fairness and openness in the procurement market.

This reduces the efficiency of the procurement system, weakens the confidence of economic operators and the public, and increases the risk of irrational public spending without optimal value for money. Unless this approach changes, opportunities for competition may continue to narrow, potentially causing long-term harm to public finances and the economic environment as a whole.

4.2. Systemic measures to improve competition

The competent BiH institutions are inefficient in establishing mechanisms that would increase competition in procurement procedures.

Although electronic procurement is recognised as an important strategic priority, implementation is slow. Not all electronic procurement functionalities that would facilitate market access, reduce administrative barriers and encourage more bidders to participate have been established. Progress largely depends on planned legislative amendments.

Although e-auctions have been established as a competition tool, limited use, weak competition and lack of expected savings indicate insufficient efficiency. E-auctions are often

not conducted because too few bids are received. Where conducted, prices are not always reduced, and contracts have been awarded to higher-priced bidders, undermining the purpose of e-auctions. These outcomes partly result from weaknesses in regulations governing contract awards and prevention of possible abuse.

Delays and weaknesses in systematically strengthening electronic procurement leave its potential untapped. Public institutions and bidders lack tools that could improve competition and consequently the efficiency and economy of procurement.

Delays in implementing strategic measures, such as special monitoring, postpone efforts to reduce the risk of prohibited agreements (collusion) and other unlawful practices. This weakens procurement efficiency and integrity.

5. RECOMMENDATIONS

The audit showed that BiH institutions were inefficient in taking measures to improve competition in procurement, reflected in the exceptionally low number of bids per procurement – the lowest compared with countries in the region.

To address the identified weaknesses, the Audit Office formulated recommendations that could improve competition in procurement. They are addressed to the Public Procurement Agency and all BiH institutions.

Recommendations to the Public Procurement Agency

- **Analyse weaknesses in ensuring competition in public procurement and take improvement measures based on that analysis.**

Implementation may involve preparing regulations and guidance based on prior analyses and practical experience, with relevant stakeholders involved. Particular attention should be paid to developing clear rules for preliminary market consultation and documenting these activities, helping contracting authorities prepare better tender documentation. Solutions should also be proposed to prevent abuse by bidders withdrawing from contract conclusion through stronger control mechanisms, appropriate measures and support to contracting authorities in responding to such situations.

- **Ensure consistent implementation of strategic commitments and improve reporting.**

This requires full implementation of all Strategy activities within the established deadlines, regular progress reporting and timely identification of obstacles. One approach is to improve monitoring of e-auction effects to obtain a more objective picture of their impact.

Recommendations to the Competition Council

- **Implement activities to fulfil the strategic commitment to strengthen monitoring of possible prohibited agreements (collusion) between bidders.**

This entails accelerating activities already initiated to strengthen monitoring of possible prohibited agreements between bidders in procurement procedures.

Recommendations to BiH institutions

- **Analyse and improve practices for preparing and conducting public procurement procedures to encourage competition.**

Implementation may involve establishing regular analysis of completed procurement procedures. This should cover the causes of appeals, repeated procedures, low bidder response and the weaknesses underlying these problems. Analysis results should support continuous improvement of procurement processes and decisions based on analysis. Market research practices should be improved to enable high-quality TD tailored to ensuring fair and

active competition. Available Public Procurement Portal tools and functionalities should also be used to enhance procedural transparency.

Performance audit team:

Jelena Andrić, Senior
Performance Auditor

Head of the Performance Audit
Department

Danijel Čolo

Eldin Subaša, Independent Auditor
for Performance Audit Quality
Control, Methodology and Planning

Head of the Performance Audit Quality
Control, Methodology and Planning
Department

Radivoje Jeremić

6. ANNEXES

Annex 1	- Average number of bids received in BiH, Serbia and Croatia
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Annex 1 – Average number of bids received in BiH, Serbia and Croatia

The following table presents the average number of bids per procurement procedure in BiH, Serbia and Croatia in 2022–2024.

Table 6 – Average number of bids received

Description	2022	2023	2024
BiH	2.1	1.6	1.6
Serbia	2.5	2.4	2.5
Croatia	3.7	3.3	/*

Source: Reports of agencies responsible for public procurement in BiH, Serbia and Croatia

*No publicly available data for 2024

As the table shows, competition in public procurement in BiH is weaker than in neighbouring countries in terms of the average number of bids received.

Annex 2 – List of BiH institutions and abbreviations

INSTITUTION	ABBR.
Agency for Preschool, Primary and Secondary Education of BiH	APOSO
Agency for Anti-Doping Control of BiH	AAK
Civil Service Agency of BiH	ADS
Agency for Forensic Examinations and Expertise of BiH	AFIV
Agency for Identification Documents, Registers and Data Exchange of BiH	IDDEEA
Public Procurement Agency of BiH	PPA
Agency for Medicinal Products and Medical Devices of BiH	AMP
Market Surveillance Agency of BiH	ANT
Insurance Agency in BiH	AO
Police Support Agency of BiH	APP
Agency for Postal Traffic of BiH	APS
Agency for the Prevention of Corruption and Coordination of the Fight against Corruption of BiH	APKKBPK
Labour and Employment Agency of BiH	ARZ
Agency for Development of Higher Education and Quality Assurance of BiH	ARVOOK
Food Safety Agency of BiH	ABH
Agency for Statistics of BiH	AS
Agency for Education and Professional Training of BiH	AŠSUK
Foreign Investment Promotion Agency of BiH	FIPA
Personal Data Protection Agency of BiH	AZOP
Archives of BiH	A
Centre for Information and Recognition of Qualifications in Higher Education of BiH	CIPDOVO
Mine Action Centre of BiH	BHMAC
Central Harmonisation Unit of BiH	SHJ
Central Election Commission of BiH	SIP
Directorate of Civil Aviation of BiH	BHDCA
Directorate for Economic Planning of BiH	DEP
Directorate for European Integration of BiH	DEI
Directorate for Coordination of Police Bodies of BiH	DKPT
State Investigation and Protection Agency of BiH	SIPA
State Regulatory Agency for Radiation and Nuclear Safety of BiH	DRARNB
Return Fund of BiH	FP
General Secretariat of the Council of Ministers of BiH	GSCM
Border Police of BiH	BD
Institution of Human Rights Ombudsman of BiH	IOLJP
Institution of Consumer Protection Ombudsman of BiH	IOZP
Institute for Accreditation of BiH	IA
Institute for Intellectual Property of BiH	IIV
Institute of Metrology of BiH	IM
Missing Persons Institute of BiH	INO
Institute for Standardisation of BiH	IS

Public Administration Reform Coordinator's Office of BiH	PARCO
Office for Harmonisation and Coordination of Payment Systems in Agriculture, Food and Rural Development	UHSPPIRR
Procurement Review Body of BiH	PRB
Audit Office of the Institutions of BiH	URI
Veterinary Office of BiH	UV
Commission for Concessions of BiH	KK
Commission to Preserve National Monuments of BiH	PONS
Competition Council of BiH	CC
Srebrenica Memorial Centre	MCS
Ministry of Security of BiH	MS
Ministry of Civil Affairs of BiH	MCA
Ministry of Finance and Treasury of BiH	MFT
Ministry of Defence of BiH	MD
Ministry of Justice of BiH	MP
Ministry of Foreign Trade and Economic Relations of BiH	MVTEO
Ministry of Foreign Affairs of BiH	MFA
Ministry for Human Rights and Refugees of BiH	MLJPI
Ministry of Communications and Transport of BiH	MKP
Intelligence-Security Agency of BiH	OSA
Civil Service Appeals Board of BiH	ODSŽ
Parliamentary Assembly of BiH	PS
Attorney General's Office of BiH	PBR
Presidency of BiH	P
Communications Regulatory Agency of BiH	RAK
Service for Foreigners' Affairs of BiH	SPS
Service for Common Affairs of the Institutions of BiH	SZP
Court of BiH	SUD
Prosecutor's Office of BiH	TUŽ
Plant Health Protection Administration of BiH	UZZB
Indirect Taxation Authority of BiH	UNO
Office for Legislation of BiH	UZ
Constitutional Court of BiH	US
State Aid Council of BiH	VDP
High Judicial and Prosecutorial Council of BiH	VSTV
Institute for the Execution of Criminal Sanctions, Detention and Other Measures of BiH	IECS

Annex 3 – List of sampled BiH institutions

The following table presents sampled institutions and the 2023 data used to select the sample.

Table 7 – Sampled institutions

NO.	BiH institution	2023 budget	Appeals upheld by PRB in 2023	2023 financial audit findings
1	Ministry of Defence of BiH	412,088,119	21	5
2	Ministry of Foreign Affairs of BiH	91,713,163	2	3
3	Ministry of Civil Affairs of BiH	35,533,493	0	0
4	Institute for the Execution of Criminal Sanctions, Detention and Other Measures of BiH	15,467,000	2	4
5	Agency for Medicinal Products and Medical Devices of BiH	8,237,050	2	4
6	General Secretariat of the Council of Ministers of BiH	7,626,000	0	0

Source: 2023 Law on the Budget of the Institutions of BiH, e-Procurement Portal and 2023 financial audit reports.

The table above presents institutions' budgets, numbers of upheld appeals and financial audit findings for 2023.

Annex 4 – Strategic objectives defined in the 2016–2020 and 2024–2028 strategies

Strategic objectives and main areas for improvement under the 2016–2020 BiH Public Procurement Development Strategy

The general objectives for developing the procurement system are:

- Further development and alignment of the legislative framework with the EU acquis (including new EU directives) and EU good practices;
- Improved transparency and promotion of anti-corruption measures – 2015–2019 BiH Anti-Corruption Strategy;
- Establishment of an effective mechanism for coordination and policymaking within the procurement system and other policies that may affect it;
- Strengthening the institutional capacities of key procurement stakeholders;
- Strengthening competition among economic operators;
- Improving the operational capacities and functionality of the procurement system;
- Greater emphasis on achieving “value for money” through fair and open competition as part of developing electronic procurement.

Strategic objectives of the 2024–2028 Public Procurement Strategy

- The legal remedies system is efficient and transparent.
- Public procurement legislation is transparent and aligned with the European legal framework.
- Public procurement develops through further digitalisation and modern tools.
- Monitoring the procurement system is an efficient, analytical, informative, transparent and continuous process aimed at improving the system.
- The procurement system ensures a transparent and competitive procurement market that encourages SMEs (small and medium-sized enterprises).
- Measures to strengthen integrity and combat corruption are introduced at all stages and in all areas of procurement, ensuring a general preventive effect.
- Strategic procurement and secondary policies modelled on EU countries are introduced into the procurement system.
- Human and material resources and professionalisation strengthen key procurement institutions, their public reputation and the role of procurement officers.

Annex 5 – Cancelled procedures by sampled institution

The following table shows procedures cancelled by sampled institutions in 2022–2024 because no bids were received or no bids were admissible.

Table 8 – Number and reasons for procedure cancellations in sampled institutions, 2022–2024

INSTITUTION	REASON FOR CANCELLATION		
	NO BIDS RECEIVED BY THE DEADLINE	NO ADMISSIBLE BIDS	TOTAL
AMP	11	8	19
MCA	1	2	3
GSCM	0	0	0
MFA	5	0	5
IECS	4	8	12
MD	40	30	70
TOTAL	61	48	109

Source: e-Procurement Portal

The table shows that all sampled institutions except GSCM cancelled procurement procedures during the period reviewed because no bids were received or none were admissible.

Annex 6 – Data for sampled institutions

The following data present procedure types, numbers and outcomes for the six sampled institutions during the period reviewed.

Table 9 – Procurement procedures conducted by sampled institutions

Description	2022	2023	2024	Total
Open procedure	252	414	280	946
Restricted procedure	15	9	6	30
Competitive request	104	154	138	396
Negotiated with publication of notice	6	6	6	18
Negotiated without publication of notice	114	316	20	450
Competitive dialogue	0	0	0	0
Design contest	0	0	0	0
Total	491	899	450	1840

Source: e-Procurement Portal – audit module

Sampled institutions conducted over 1,800 procurement procedures⁹⁰, accounting for almost 30% of all procurement procedures conducted by BiH institutions.

The following table presents procurement procedure outcomes in sampled institutions.

Table 10 – Procurement procedure outcomes in sampled institutions

Year reviewed	2022	2023	2024	2022 – 2024
Contract award	349	721	313	1383
Procedure cancellation	123	151	110	384
Published notices	19	27	27	73
Total	491	899	450	1840

Source: e-Procurement Portal – audit module

The table shows that most procedures in sampled institutions also ended in contract awards⁹¹, while one fifth were cancelled. Approximately 4% of all procedures remained incomplete.

⁹⁰ This number includes lots.

⁹¹ Over 70% of procedures.

Annex 7 – Table of upheld appeals for BiH institutions

The following table presents the number of appeals upheld for BiH institutions in 2022–2024.

Table 11 – Appeals upheld for BiH institutions, 2022–2024

NO.	INSTITUTION	UPHELD
1	MINISTRY OF DEFENCE	45
2	BORDER POLICE	19
3	INDIRECT TAXATION AUTHORITY	19
4	SERVICE FOR COMMDN AFFAIRS OF THE INSTITUTIONS	11
5	AGENCY FOR IDENTIFICATION DOCUMENTS, REGISTERS AND DATA EXCHANGE	8
6	PRESIDENCY	8
7	INSTITUTE FOR THE EXECUTION OF CRIMINAL SANCTIONS, DETENTION AND OTHER MEASURES	8
8	DIRECTORATE FOR COORDINATION OF POLICE BODIES	7
9	MINISTRY FOR HUMAN RIGHTS AND REFUGEES	7
10	AGENCY FOR MEDICINAL PRODUCTS AND MEDICAL DEVICES	6
11	PARLIAMENTARY ASSEMBLY	5
12	MINISTRY OF COMMUNICATIONS AND TRANSPORT	5
13	VETERINARY OFFICE	4
14	INTELLIGENCE-SECURITY AGENCY	3
15	STATE INVESTIGATION AND PROTECTION AGENCY	3
16	AGENCY FOR EDUCATION AND PROFESSIONAL TRAINING	3
17	MINISTRY OF SECURITY	3
18	MINISTRY OF FOREIGN AFFAIRS	3
19	CENTRAL ELECTION COMMISSION	3
20	MINISTRY OF CIVIL AFFAIRS	2
21	MINISTRY OF FINANCE AND TREASURY	2
22	INSTITUTE OF METROLOGY	2
23	DIRECTORATE FOR EUROPEAN INTEGRATION	2
24	GENERAL SECRETARIAT OF THE COUNCIL OF MINISTERS	2
25	AGENCY FOR FORENSIC EXAMINATIONS AND EXPERTISE	1
26	COMMUNICATIONS REGULATORY AGENCY	1
27	MINISTRY OF JUSTICE	1
28	AGENCY FOR ANTI-DOPING CONTROL	1
29	MINE ACTION CENTRE	1
30	HIGH JUDICIAL AND PROSECUTORIAL COUNCIL	1
31	CIVIL SERVICE AGENCY	1
32	AGENCY FOR STATISTICS	1
33	MISSING PERSONS INSTITUTE	1
34	COMPETITION COUNCIL	1
35	PROSECUTOR'S OFFICE	1
	TOTAL	191

Source: PRB register and e-Procurement Portal

The table shows that almost half of the institutions had upheld appeals during the period reviewed, totalling 191.

Annex 8 – Institutions with weaknesses identified in the 2023 financial audit reports

The following table presents the 2023 financial audit findings on procurement in BiH institutions.

Table 12 – Financial audit findings on procurement in BiH institutions, 2023

NO.	INSTITUTION	MARKET RESEARCH	TD	BID EVALUATION
1	ADS		YES	
2	IDDEEA	YES	YES	YES
3	AMP	YES	YES	YES
4	APKKBPK	YES	YES	
5	ARVOOK	YES	YES	
7	AS		YES	YES
8	BHMAC		YES	
9	SIP	YES		YES
11	SIPA	YES	YES	
12	DRARNB		YES	
13	BD	YES	YES	
14	IOLJP	YES		
15	IA	YES		
18	IS	YES	YES	
19	PARCO	YES		
20	UHSPPIRR	YES		
21	UV	YES		
22	PONS	YES	YES	
23	CC	YES		
24	MCS		YES	
25	MS	YES		
26	MFT	YES		
28	MD	YES	YES	YES
29	MP	YES		YES
30	MVTEO	YES		
31	MLJPI	YES	YES	YES
32	MKP	YES		
33	PS	YES		YES
34	PBR	YES		
35	P	YES	YES	
36	RAK			YES
37	SZP	YES	YES	
38	TUŽ	YES		
39	UNO		YES	
40	US	YES		
41	VSTV	YES		
42	IECS		YES	YES

Source: 2023 financial audit reports

The table shows that financial audits identified irregularities in TD preparation and bid evaluation in 23 of 76 BiH institutions.

Annex 9 – Appeals lodged and upheld by grounds of appeal for sampled institutions

The following table presents appeals lodged and upheld, by grounds of appeal, for sampled institutions in 2022–2024.

Table 13 – Appeals in sampled institutions, 2022–2024

INSTITUTION	TOTAL APPEALS LODGED	GROUNDS OF APPEAL			TOTAL APPEALS UPHELD	UPHELD BY GROUNDS		
		TD	SELECTION	OTHER		TD	SELECTION	OTHER
MFA	5	1	3	1	5	1	3	1
MCA	8	5	3	0	2	2	0	0
GSCM	4	2	2	0	2	1	1	0
AMP	9	3	3	3	6	1	2	3
MD	71	10	53	8	35	2	30	3
IECS	13	2	11	0	8	0	8	0
TOTAL	110	23	75	12	58	7	44	7

Source: e-Procurement Portal

The table shows that all sampled institutions had procurement appeals lodged during the period reviewed. Most concerned bid selection, and the majority of these were upheld.

Annex 10 – Appeals upheld by institutions themselves

The following table presents appeals concerning TD and selection decisions upheld by sampled institutions in 2022–2024.

Table 14 – Appeals upheld by sampled institutions, 2022–2024

Institution	APPEALS UPHELD CONCERNING TD	APPEALS UPHELD CONCERNING SELECTION DECISIONS
GSCM	0	0
MFA	0	0
AMP	1	0
IECS	5	5
MCA	1	0
MD	11	11
TOTAL	17	16

Source: Sampled institutions

The table shows that sampled institutions upheld 33 appeals during the period reviewed: 17 concerning TD and 16 concerning selection decisions.

Annex 11 – Summary questionnaire data

The following table presents responses to the questionnaire sent to bidders.

Table 15 – Summary questionnaire data

Question	Answer	
1. How many times have you participated in procurement procedures in the past 12 months?	Never	4
	1–3 times	21
	4–6 times	17
	7 or more times	58
2. How would you rate the clarity and precision of tender documentation?	Very clear and precise	4
	Clear and precise	63
	Partly clear	21
	Imprecise	8
	Very unclear	4
3. Do you consider bidder selection criteria clear and understandable?	Always	29
	Almost always	50
	Sometimes	21
	Rarely	0
	Never	0
4. Do you consider that tender documentation requirements favoured certain bidders or groups of bidders?	Always	4
	Almost always	21
	Sometimes	50
	Rarely	13
	Never	13
5. Do you consider that all selection criteria were consistently applied during bid evaluation?	Always	25
	Almost always	38
	Sometimes	29
	Rarely	8
	Never	0
6. Have you requested clarification of ambiguities in tender documentation through the Public Procurement Portal?	Always	0
	Almost always	17
	Sometimes	54
	Rarely	13
	Never	8
	I had no ambiguities	8
7. Have you used legal remedies concerning tender documentation requirements and bid evaluation in procurement procedures?	Always	0
	Almost always	4
	Sometimes	29
	Rarely	25
	Never	38
	I had no objections to the requirements or bid evaluation	4
8. Have you participated in e-auctions in procurement procedures?	Yes	88
	No	13
9. Do you consider that e-auctions have lowered bid prices compared with traditional procedures used before e-auctions were introduced?	Yes	63
	No	13
	I have no opinion	25
	Increases competition	58

10. How would you rate the impact of e-auctions on competition among bidders?	Does not affect competition	33
	Reduces competition	8
11. In your view, do e-auctions ensure selection of the best bid?	Always	4
	Often	33
	Rarely	33
	Never	8
	I do not know	21
12. How would you rate competition among bidders in procurement procedures in which you participated?	Very strong competition	46
	Moderately strong competition	42
	Weak competition	8
	No competition	0
	I have no opinion	4
13. Do you consider competition in procurement procedures fair and equal for all bidders?	Yes, competition is fair and equal	13
	No, there are imbalances in competition	42
	I do not know/am unsure	46
14. Have you ever suspected cartel behaviour or price fixing among bidders in procurement procedures?	This suspicion is almost always present	13
	I sometimes suspect this	46
	I think this is extremely rare	17
	Such things do not happen	4
	I do not know; I have never considered it	21
15. What do you think most reduces competition in procurement? (Select no more than two answers.)	Excessive technical or administrative requirements	21
	Excessive security or guarantee requirements	25
	Estimated procurement value significantly below market value	25
	Unrealistically low bid prices	25
	Limited market	13
	Favouring bidders	42
	Agreements among bidders	8
	Underdeveloped electronic procurement	21
Other reasons reducing competition in procurement:	Other (please specify):	8
	Procurement is advertised with requirements "locked in" for a particular bidder.	
	Various certificates are required from distributors and manufacturers, placing control of the process in distributors' hands because they issue certificates to whomever they choose.	
	It is very important for an institution purchasing goods to ensure that bidders are qualified and technically capable of submitting bids. It is unrealistic for a company with one employee to offer a project to supply KM 100,000 worth of equipment. It is reasonable to protect the institution by purchasing equipment through a legitimate distribution and service channel. Large quantities of used goods are imported and sold as new, with illegal licences (in the case of IT equipment).	
	Price	
	Goods are collected in successive deliveries, and payments are delayed regardless of the payment period specified in the contract.	
	Contracting authorities, PRB and even the Court of BiH do not face adequate consequences for procurement shortcomings. This encourages irresponsible behaviour and will continue until they are penalised.	

16. Do you consider that electronic procurement increases transparency and efficiency?	Yes	46
	No	17
	I have no opinion	38
17. Which electronic procurement functionality would, in your view, most improve procurement?	Electronic submission and opening of bids.	33
	Electronic bid evaluation and generation and publication of decisions.	17
	Dynamic purchasing system	8
	e-Dossier (electronic verification of bidder qualifications)	29
	Other (please specify):	13
Other procurement functionalities that would, in your view, most improve procurement:	All of these, especially electronic access to tender bids.	
	The method of selecting bidders is not what matters; it is very important that bidders are qualified and ranked by capability, number of employees, etc. This encourages bidders to grow and develop their expertise, while institutions receive quality equipment and support.	
	E-auctions are extended minute by minute, prices fall very low and participants withdraw. There is no adequate penalty for participants withdrawing their bids, so procurement fails by default, particularly where goods are needed for institutions' continued work and operation.	
18. Are you satisfied with the legal remedies process in procurement procedures?	Very positive	4
	Positive	33
	Neutral	58
	Negative	0
	Very negative	4
Please state why you are satisfied/dissatisfied with the legal remedies process in procurement procedures:	We operate in accordance with the rules set	
	PRB is inconsistent	
	PRB responds quickly and mostly in accordance with the law	
	Legal remedies give very little attention to buyers' (institutions') rights and focus heavily on bidders' formalities, on which grounds equipment procurement is halted.	
	Contracting authorities and PRB were completely unprepared for the latest amendments to PPL and interpreted them differently. A major problem is that charges and fees must be paid again for every new appeal in the same procurement procedure, unlike before, when they were paid only once for the first appeal. This significantly hinders access to legal remedies. The concept of "lack of standing" is misused against the selected bidder, preventing consideration of its appeal arguments and resulting in awards to unqualified bidders. Even Court of BiH judgments show different treatment of very similar, almost identical cases involving the selected bidder's "lack of standing". PRB makes numerous errors in establishing facts and needs additional training or better, more expert assistance in resolving technical issues. There may be even more serious negative practices in employees' attitudes to their own rights and obligations, even within PRB and the Court of BiH. Some decisions, conclusions or rulings raise suspicions of more serious negative practices and problems present in society, which should be combated using all available legal means.	
	Very positive	8
	Positive	46

19. Are you satisfied with the Public Procurement Agency's support in procurement procedures?	Neutral	46
	Negative	0
	Very negative	0
Please state why you are satisfied/dissatisfied with the Public Procurement Agency's support in procurement procedures:	Good cooperation	
	They respond to problems quickly and promptly	
	The Agency is often unrealistic and impractical in assessing procurement procedures. It focuses on formalities, such as whether a page is numbered or a stamp is missing in one place despite appearing in ten others. It cancels procedures even for oversights and is unwilling to say that proceeding is in the institution's interest and that the risk should be accepted.	
	Everyone involved in procurement knows they can contribute more and that the process can be significantly better. The public sector lives in socialism, while the real economy lives in capitalism. This is not good, and procurement illustrates and documents it very clearly.	
20. How would you rate your overall experience of the procurement process?	Very positive	4
	Positive	63
	Neutral	17
	Negative	17
	Very negative	0

Source: Responses to individual questionnaires

Annex 12 – Overview of decisions establishing collusion

In 2024, the Competition Council issued two decisions establishing prohibited agreements in procurement procedures. Details are provided below.

Table 16 – Decision No. UP 01-26-3-004-118/24 of 7 November 2024⁹²

NO.	ECONOMIC OPERATORS	PROCEDURES – PROCUREMENT SUBJECT
1	PR Media Market Prijedor PR Smart Computer Prijedor Softkom S d.o.o. Prijedor	3 computer equipment procurement procedures
2	PR Media Market Prijedor PR Smart Computer Prijedor Softkom S d.o.o. Prijedor	Laptop procurement
3	PR Media Market Prijedor PR Smart Computer Prijedor Softkom S d.o.o. Prijedor	Office equipment procurement – computers
4	PR Media Market Prijedor PR Smart Computer Prijedor Softkom S d.o.o. Prijedor	Computer equipment procurement
5	PR Media Market Prijedor PR Smart Computer Prijedor Zerick d.o.o. Sarajevo	Laptop procurement for councillors
6	PR Media Market Prijedor and PR Smart Computer Prijedor	Computer equipment procurement
7	PR Media Market Prijedor Inter-com d.o.o. Zenica PR Smart Computer Prijedor Alf-om d.o.o. Banja Luka	Computer equipment procurement
8	PR Media Market Prijedor PR Smart Computer Prijedor Softkom S d.o.o. Prijedor	Procurement of computers, computer equipment and office equipment
9	PR Media Market Prijedor PR Smart Computer Inter-com d.o.o. Zenica Emado d.o.o. Sarajevo	Computer equipment procurement in the Municipality of Ključ
10	PR Media Market Prijedor PR Smart Computer Prijedor Softkom S d.o.o. Prijedor	Procurement of computers and IT equipment
11	PR Media Market Prijedor Inter-com d.o.o. Zenica Elur d.o.o. Kiseljak	Procurement of computers and computer equipment, lot 1
12	PR Media Market Prijedor Elur d.o.o. Kiseljak	Procurement of computers and computer equipment, lot 2
13	PR Media Market Prijedor PR Smart Computer Prijedor Softkom S d.o.o. Prijedor Inter-com d.o.o. Zenica Univerzalno d.o.o. Sarajevo	Computer equipment procurement

Source: Competition Council decisions

⁹² Official Gazette – Document overview

Summary of the above decision showing the number of procedures and fines imposed.

Table 17 – Number of procedures involving prohibited agreements and fines

NO.	ECONOMIC OPERATORS	PROCEDURES IN WHICH PROHIBITED AGREEMENTS BETWEEN BIDDERS WERE ESTABLISHED	FINE IN KM
1	PR Media Market Prijedor	15	66,093.12
2	PR Smart Computer Prijedor	13	30,411.68
3	Softkom S d.o.o. Prijedor	9	2,924.00
4	Inter-com d.o.o. Zenica	4	80,409.96
5	Elur d.o.o. Kiseljak	2	5,468.24
6	Alf-om d.o.o. Banja Luka	1	41,772.91
7	Univerzalno d.o.o. Sarajevo	1	41,494.58
8	Emado d.o.o. Sarajevo	1	13,450.95
9	Zerick d.o.o. Sarajevo	1	2,902.54
	TOTAL		284,927.98

Source: Competition Council decisions

Table 18 – Decision No. UP-04-26-3-003-56/24 of 7 November 2024⁹³

NO.	ECONOMIC OPERATORS	PROCEDURE	FINE IN KM
1	Ado – Trans d.o.o. Visoko	Rehabilitation of part of the Breza–Mahmutović Rijeka local road, Bulbulušići–Grabovik section	68,295.40
2	Komgrad-Ze d.o.o. Zenica		73,717.60
3	Roco Commerce d.o.o. Livno		5,000.00
	TOTAL		68,334.40

Source: Competition Council decisions

⁹³ Official Gazette – Document overview