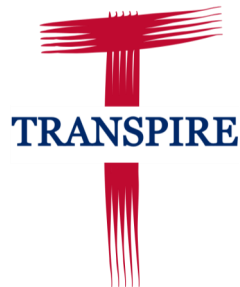




Centar za sigurnosne studije - BiH

Centre for Security Studies - BH



The project “Future Professionals for More Transparent Public Procurement”

# **Anti-corruption Capacities of Public Procurement in the Security Sector: Report for 2020 and 2021 - Part II**

*#TranspireBiH*



**Anti-corruption Capacities of Public  
Procurement in the Security Sector: Report for  
2020 and 2021 - Part II**

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## **List of abbreviations**

AEPTM - Agency for Education and Professional Training

AFEE - Agency for Forensic and Expert Examinations

BiH – Bosnia and Herzegovina

DCPB BiH - Directorate for the Coordination of Police Bodies of BiH

FMIA - Federal Ministry of the Internal Affairs

ISA BiH – Intelligence-Security Agency of BiH

MD BiH - Ministry of Defense of BiH

MIA CS - Ministry of Internal Affairs of Sarajevo Canton

MIA PC - Ministry of Internal Affairs of the Posavina Canton

MIA RS - Ministry of Internal Affairs of the Republic of Srpska

MIA USC - Ministry of Internal Affairs of Una-Sana Canton

MIA ZDC - Ministry of Internal Affairs of the Zenica-Doboj Canton

PBD BiH - Police of Brčko District of BiH

PPA BiH – Public Procurement Agency of BiH

PRB BiH – Procurement Review Body of BiH

## Foreword

*„The duty of youth is to challenge corruption“*

Kurt Cobain, Nirvana

Dear readers,

It is our pleasure to present to you the second part of the report on the transparency and anti-corruption capacities of the security sector institutions of Bosnia and Herzegovina (BiH) in the public procurement processes for 2020 and 2021.

The presentation in question represents part of the activities carried out within the project "Future Professionals for More Transparent Public Procurement - TRANSPIRE", which was financed by a generous grant from the Department of State of the United States of America through the Small Grants Program of the Democratic Commission.

The Centre for Security Studies, as the implementer of the project, is particularly proud of the fact that the report is a product of the synergy of joint efforts of students from various universities and faculties in BiH and practitioners of investigative journalism. With such an approach, we contributed to the realization of the general goal of the project, in the light of improving and expanding the process of public procurement in the security sector, and raising the awareness and knowledge of students about public procurement and the risks of corruption.

Despite the challenge for our project team to interest the young population, bring this complex topic to closer to them and break the paradigm that these tasks should be dealt with exclusively by institutions, we are particularly proud of the fact of the successful development of the concept of civic responsibility in controlling the good management of our shared financial resources.

As a "think tank" organization, it is always a pleasure to state that methodology, which was developed, tested and implemented during of



the project "Building Integrity and Strengthening Anti-Corruption Practices in the Security Sector - ACroSS", is functioning and the students easily mastered it and improved it in certain segments.

We hope that this scientific and professional presentation of the situation in the field of public procurement will primarily serve the institutions of the BiH security sector to reach the highest democratic standards in this area of their work, but also meet the interest of the wider interested public. It should be noted that the report also covers the critical period of the outbreak of the COVID-19 pandemic, and therefore, despite the identified fields that require serious improvements, the fact that institutions in such circumstances were committed to maintaining a certain degree of transparency in public procurement is encouraging - at least when viewed through the prism of our methodology.

And in this way, we encourage the institutions of the security sector to make additional efforts and engagement, because they, by the nature of their very sensitive work, must be an example to other authorities. Non-transparency or insufficient transparency in certain aspects of organizational work cannot lead to the goal of zero tolerance for corruption, which we strive for as part of efforts to reduce and eradicate this global scourge from our society.

The Centre for Security Studies would like to kindly thank all the institutions of the security sector in BiH who, by providing data and information, contributed to the creation of this report. Finally, we owe a special thank you to our donor for supporting the "TRANSPIRE" project, as well as for all previous efforts to establish a more democratic and fair society for all citizens of BiH.

Sincerely,

Benjamin Plevljak, MA in Political Science  
Secretary General of the Centre for Security Studies

## **Words of the authors**

Investigations into corruption in the security sector are often focused on contracting, that is, on the stages of public procurement in which civil servants prepare and sign contracts with suppliers of equipment and services and manage their implementation. However, in order to discover the functioning mechanisms of public procurement and potential critical points for the emergence of corruption, we must investigate the entire public procurement procedure and then prepare appropriate conclusions and recommendations for its suppression. In our case, this implies an in-depth analysis of relevant normative acts, practices and challenges in public procurement in the security sector.

The report was made on the basis of qualitative and quantitative parameters based on which the anti-corruption capacities of 12 security sector institutions from different levels of government in Bosnia and Herzegovina (BiH) were measured and evaluated. The time period covered by the research refers to two years, 2020 and 2021.

Therefore, we are proud to present to you the results of the research on the transparency of public procurement in the security sector in Bosnia and Herzegovina. Through long-term and comprehensive research, which included the analysis of relevant laws, regulations, practices and challenges in public procurement in the security sector, we reached important conclusions and recommendations.

During the research, our goal was to highlight the importance of transparency in public procurement in the security sector and to point out the shortcomings and challenges that exist in BiH. All this in order to identify critical points, which can be fixed, and thus reduce the possibility of corruption during public procurement in the security sector. Hence the decision to focus the research on the impact of corruption on the transparency of public procurement in the security sector and analyze the application of existing laws and regulations in practice.

In order to bring the report closer to the reader and make it as clear as possible, we have decided that the introduction of this report will be presented through a basic glossary of definitions of terms that are treated in the report.

## Basic glossary

As we have already said, the main purpose of stating the basic concepts in this report is a better understanding of the subject area, and that is why we start with the concept of public procurement.

*Public procurement* is a procedure by which the public sector, such as state or local authorities, public institutions or organizations that are owned or controlled by the public sector, procure goods, services or works from external suppliers through open, competitive and transparent procedures, in accordance with legislation and regulations on public procurement (MAPS, Methodology for evaluating the public procurement system, 2016, 96). In addition to this definition, there are several other definitions that researchers or organizations dealing with public procurement issues have come up with. Thus, Grbo (2008) states that "public procurement in the broadest sense of the word is a procedure that subjects of public law are obliged to carry out before entering into contracts for the procurement of goods, works and assignment of services". Hamidičević (2017) defines public procurement as a process in which the public sector procures various types of goods, services and works from selected private companies. In other words, it is about using budget funds to meet the needs of the public sector.

Public procurement is an important instrument in the management of public resources and enables the public sector to ensure quality products, services or works at the best possible price, while ensuring competition, equality, transparency and accountability. Public procurement procedures include various steps, such as publishing a public call for bids, evaluating bids, making decisions on awarding contracts, and monitoring contract execution.

Public procurement in the field of security is a procedure through which contracting authorities in the field of security acquire various goods, services or works that they need in order to perform their duties (Kržalić, 2015).

It is necessary to define the term security, since the report deals with monitoring the transparency of institutions that belong to the security sector in BiH.

Therefore, *security* can be defined as a state or feeling of freedom from danger, risk, threats or damage and as a set of measures, policies and procedures aimed at protecting people, property, information, interests or values from possible threats or harmful events. Security can include various aspects, such as physical security (protection against physical threats such as theft, vandalism, attacks or accidents), information security (protection of data from unauthorized access, hacking or theft), traffic security (protection of road users from accidents), financial security (protection of financial resources from embezzlement or abuse), social security (protection of the rights, freedoms and welfare of individuals and communities) and national security (protection of the interests and integrity of the state from external and internal threats). Security can be achieved through different mechanisms, such as laws, regulations, policies, planning, prevention, response, surveillance, education and cooperation between different participants, such as governments, organizations, communities, individuals and other relevant actors (Nobilo, 1998:69-80).

It is important to note that the concept of security can have different meanings and interpretations and can be applied in different contexts, depending on the field of application and the perspective of the observer.

A key term for this report is *transparency*, which can be understood as a principle or characteristic that refers to openness, accessibility and clarity in procedures, decisions, information and responsibilities of organizations, institutions or individuals.

*Transparency* means providing all relevant information in an understandable way, so that interested parties can understand and evaluate procedures or decisions and access that information in a timely manner. Transparency refers to different areas, such as government, business, civil society organizations, media, public procurement, finance

and other spheres of public life. Transparency includes publishing information about procedures, rules, policies, decisions, costs, funding sources and other relevant aspects of the activities of organizations or institutions. Transparency is important, because it allows the public to monitor, evaluate and participate in the activities of organizations or institutions and contributes to reducing opportunities for corruption, abuse of power, nepotism or other unethical practices. Transparency contributes to responsible management, increases public trust and enables citizen participation in decision-making and monitoring the work of institutions or organizations. Transparency can be achieved through various mechanisms, such as laws, regulations, policies, ethical codes, reporting standards, access to information, public debate, and engagement of citizens and civil society. Transparency is often promoted as a key element of democratic governance and accountability in various social contexts (Voloder, 2015:28-39).

At the end of this brief review of terms, we singled out the term *corruption*, which we understand as the abuse of privileges or positions for the purpose of obtaining undue material or immaterial benefits, usually in an unethical or illegal way. Corruption can be present in various forms, such as bribery, embezzlement, nepotism, favoritism, and dishonest use of public resources or power for private gain. Corruption can be systemic, when it is present at all levels of society and institutions, and individual, that is, when individuals or groups act corruptly for personal gain (Nye, 1967).

*Corruption* can be present in different sectors, such as public administration, politics, business sector, healthcare, education, security and other spheres of society. Corruption has harmful consequences for society, including undermining trust in institutions, reducing fairness, distorting market competition, violating human rights, and slowing down economic development and social progress. The fight against corruption requires a comprehensive approach that includes strengthening transparency, strengthening the rule of law, strengthening ethical values,

promoting accountability, and involving citizens and civil society in the supervision and monitoring of the activities of public institutions.

## **Corruption in BiH**

BiH is a country facing a serious problem of corruption. Corruption is present at various levels of society, including government, public administration, judiciary, police, healthcare, education and the private sector. Corruption in BiH has negative consequences for economic development, the rule of law, citizens' trust in institutions and, in general, the quality of life of citizens. In this report, we will explore the main aspects of corruption in BiH, taking into account the current situation, causes, consequences and measures taken to combat corruption.

### **Current state of corruption**

According to reports by Transparency International, BiH is in 110th place out of 180 countries in the Corruption Perceptions Index for 2022, which represents a decline of nine positions compared to the previous year. This indicates a high level of perception of corruption in the country. The public sector, including the government, local administration and public services, is considered one of the most corrupt sectors in BiH. Corruption is also present in the judiciary, court decisions are sometimes based on corruption, which leads to a lack of trust of citizens in the legal system. Also, corruption occurs in healthcare, education, the police, as well as in the private sector, including business and public procurement.

### **Causes of corruption**

There are several factors that contribute to corruption in BiH. According to independent research, as well as analyzes published every year by Transparency International in BiH, one of the key factors is the lack of strong institutions and independent bodies that would deal with the fight against corruption. Weak rule of law, ineffective judiciary and lack of

accountability for corrupt behavior contribute to the spread of corruption. Also, political instability, complex political system and division into entity units make it difficult to fight corruption at the state level. There is also a lack of transparency in decision-making, a lack of appropriate legislation and irregularities in public procurement procedures.

Public procurement is an area that is particularly sensitive to corruption, given the large number of contracts concluded between the government and private entities and the high amount of money involved in these transactions. Lack of transparency and lack of competition in public procurement procedures are often problems in BiH. Procurement procedures are generally not transparent enough, which allows for manipulation in the awarding of contracts. Bidder bias, collusion, nepotism and corrupt behavior are involved in the procurement process, leading to unfair competition and unfavorable outcomes for fair and honest bidders.

Also, the lack of accountability for corrupt behavior in public procurement procedures is another important factor. Weak law enforcement and the lack of sanctions for corrupt behavior allow corrupt individuals to act irresponsibly and continue to abuse public funds.

The consequences of corruption in public procurement are serious and have negative effects on society and the economy of BiH. Corruption in public procurement leads to a loss of citizens' trust in the government, increases costs for the state budget, reduces the quality of services and goods that are procured, and makes competition on the market difficult, which negatively affects the economic development of the country.

In order to combat corruption in public procurement, BiH has taken certain measures. The introduction of electronic public procurement with the aim of increasing transparency and reducing the human factor in the procurement process is one of the initiatives undertaken. Also, strengthening the capacity of anti-corruption bodies, improving legislation and legal regulations, and strengthening supervision and sanctions for corruption are important steps taken by BiH in combating



corruption in public procurement. However, despite these measures, there are still challenges in combating corruption in public procurement in BiH.

## **The importance of transparency**

Transparency in public procurement is of key importance, as it enables openness, responsibility and integrity in procurement procedures and ensures fair competition among bidders. Transparency in public procurement implies publicly available information about procurement procedures, including the publishing of documents, announcements, results, contracts and other relevant information related to procurement.

Below are several key reasons why transparency is important in public procurement:

1. It prevents corruption: transparency reduces the possibility of corruption in procurement procedures, as it allows the public to monitor and verify whether procurement procedures were conducted in a fair, just and transparent manner. This prevents collusion, bias, secret arrangements and other forms of corrupt behavior.
2. It increases competition: transparency enables greater competition among bidders, as everyone has an equal opportunity to access procurement information and participate in procurement procedures. This increases competition, which can lead to better offers, lower prices and better quality products and services.
3. It increases citizens' trust: transparency in public procurement increases citizens' trust in authorities and public institutions, because it allows citizens to monitor how their money is spent and to check whether funds are used in a responsible manner. This strengthens transparency, responsibility and integrity in the work of public institutions.
4. It ensures equity and equality: transparency in public procurement ensures equity and equality in procurement procedures, because all

bidders have an equal opportunity to access information and participate in procurement procedures. This prevents bias, favoritism and discrimination and ensures that taxpayers' funds are used in the best possible way.

5. It promotes responsibility and transparency in the management of public funds: transparency in public procurement promotes responsibility in the management of public funds, which is crucial for the efficient and responsible use of public resources. Transparency enables monitoring the spending of funds and identifying corrupt potential (Voloder, 2015:28-39).

## **Security sector**

The security sector includes police agencies, military institutions, intelligence agencies and other institutions responsible for maintaining security and order in the country. Corruption in this sector can have serious consequences for the safety of citizens, threatens trust in institutions and undermines the rule of law.

Kržalić (2015) states several reasons why corruption in public procurement is a problem in the security sector in BiH:

1. High amount of procurement: public procurement in the security sector can be very valuable, including procurement of equipment, vehicles, weapons, technological systems and services. The large amount of money used in these procurements can attract corrupt individuals interested in illegally gaining personal gain.
2. Lack of transparency: transparency in public procurement in the security sector can often be insufficient, which facilitates corrupt behavior. The lack of public publishing of information on procurements, failure to conduct competitive tenders, secrecy in procurement procedures and lack of monitoring and reporting on procurements can create a favorable environment for corruption.

3. Lack of oversight and accountability: lack of effective oversight and accountability in procurement procedures in the security sector can contribute to corruption. The lack of independent monitoring, audits and sanctions for violations of procurement rules can create room for abuses and corrupt practices.

4. Sensitivity of the security sector: the security sector is a sensitive area that requires a high level of integrity, professionalism and trust. Corruption in public procurement can seriously undermine citizens' trust in security institutions, reduce their ability to perform their tasks efficiently and threaten national security (Kržalić, 2015:17-22).

### **How to improve the situation?**

Solving the problem of corruption in public procurement in the security sector requires systemic reforms, including strengthening transparency, strengthening oversight and accountability, conducting competitive tenders, promoting integrity and ethical behavior, and sanctioning.

Transparency can be a powerful weapon in the fight against corruption in the security sector in BiH. Openness, public announcement of information and accessibility of the public procurement process can reduce the possibility of corrupt actions, increase the responsibility of institutions and strengthen citizens' trust in the work of security institutions.

There are several ways transparency can help fight corruption in the security sector:

1. Public announcement of information on procurement: publishing all relevant information on procurement, including documentation, prices, contracts and implementation reports or records on the implementation of the public procurement procedure, enables citizens, the media, civil society and other interested parties to monitor and supervise

procurements. This can reveal possible irregularities or suspicious actions and prompt investigations and sanctioning of those responsible.

2. Competitive tenders and transparent procurement procedures: conducting competitive tenders in accordance with relevant laws and regulations and publishing all relevant information about the procurement procedure can reduce the possibility of rigging the tender or unfair actions during the awarding of contracts, as well as collusion between bidders. Also, contracting authorities often resorted to negotiation procedures without publishing a notice (which in itself is a non-transparent procedure, but which is carried out only in cases strictly defined by the Law on Public Procurement) and when the conditions for its application were not met. Transparency in procurement procedures can ensure that the best bidder is selected based on objective criteria and not based on corrupt connections or bribery.

3. Independent monitoring and audits: the introduction of independent bodies for monitoring and auditing procurements, such as audit agencies, anti-corruption agencies or independent commissions, can ensure an objective assessment of the implementation of procurements and the detection of possible irregularities, such as "procurement splitting" phenomena, concluding more direct agreements (the most non-transparent procedure concluded in the amount of up to 6,000 BAM). The results of audits should be made public in order to enable accountability and sanctioning of responsible persons.

4. E-bidding and digitization of procurement: The use of electronic systems for public procurement, such as e-bidding, can increase transparency, efficiency and reduce the possibility of corrupt actions. Digitization of procurement can reduce contact between procurement participants, thus reducing the possibility of bribery and irregularities.

5. Education and public awareness: educating citizens about the importance of transparency in public procurement, their role in ensuring the fairness of spending public money is of great importance for improving the situation in this area in our country.

## **Institutions for monitoring public procurement in BiH**

Chapter VI of the Law on Public Procurement of BiH determines the institutions for monitoring the implementation of the Law: the Agency for Public Procurement of BiH and the Appeals Review Office of BiH.

### **Public Procurement Agency of BiH**

According to the Law, the Public Procurement Agency of BiH (PPA BiH) has its headquarters in Sarajevo and two branches with headquarters in Banja Luka and Mostar. The role of the PPA BiH is to ensure the proper implementation of the law in accordance with its competences:

- a) Preparation and drafting of the laws, draft amendments to laws and accompanying by-laws, in order to ensure their effectiveness and expediency;
- b) Improvement of informing of contracting authorities and bidders about public procurement regulations and their goals, procedures and methods;
- c) Publishing manuals and instructions, as well as creation and update of standard forms and models in accordance with the provisions of this law;
- d) Provision of technical assistance and advisory opinions to contracting authorities and bidders in connection with the proper application of this law and by-laws;
- e) Establishment of a system for monitoring procedures carried out by contracting authorities for the procurement of goods, services and works with the aim of education and elimination of observed irregularities in individual public procurement procedures;
- f) Data collection, creating the analysis and publishing information related to public procurement procedures and awarded public procurement contracts;
- g) Development and establishment of electronic information systems in the field of public procurement in BiH;

- h) Initiating, supporting and creating assumptions for the development of the practice of electronic procurement and communications in the field of public procurement;
- i) Organizing and holding trainings for authorized lecturers and public procurement officers, publishing information related to trainings and preparing manuals and other supporting materials for professional development in the field of public procurement in accordance with the by-laws adopted by the BiH Council of Ministers;
- j) Monitoring the work of authorized lecturers and keeping records of accredited lecturers in the field of public procurement and public procurement officers;
- k) Preparation of annual reports for the BiH Council of Ministers.

The PPA BiH is headed by a director appointed by the BiH Council of Ministers for a term of 5 years, with the possibility of one re-appointment, who represents the PPA BiH, manages its work, organizes and ensures the legal and efficient task performance within its competence, passes by-laws acts and other acts that ensure the legal and efficient performance of work and is responsible for the work of the Agency.

The five-member board of the PPA BiH is responsible for considering issues related to the functioning and improvement of the public procurement system and gives prior consent to the acts regulating the public procurement system, which are adopted by the BiH Council of Ministers or the director of the PPA BiH. The members of the PPA BiH Board are representatives of the Ministry of Finance and Treasury of BiH, entity ministries of finance, the Directorate for European Integration and a Brčko District of BiH Government representative, appointed by the BiH Council of Ministers for a five-year mandate.

## **Procurement Review Body of BiH**

According to the Law, the Procurement Review Body of BiH (PRB BiH) resolves complaints in public procurement procedures. The PRB BiH headquarters is in Sarajevo, and branches are established in Banja Luka and Mostar. The PRB BiH with headquarters in Sarajevo is responsible for making decisions on appeals for procurement values in the amount of more than 800,000 BAM, as well as for all procurements by institutions of BiH and institutions of the Brčko District of BiH and other contracting authorities of BiH and the Brčko District of BiH. It has seven members (of which two are from the peoples of BiH and one from the rest, where two members are from the peoples of the Republika Srpska entity, four are from the peoples of the Federation of Bosnia and Herzegovina, and one from the others alternatively elected from one or the other entity) appointed by the Parliamentary Assembly of BiH for a term of 5 years, with the possibility of one re-appointment. The branches of PRB BiH in Banja Luka and Mostar each have five members appointed by the Parliamentary Assembly of BiH and are responsible for making decisions on appeals for procurement values up to 800,000 BAM for contracting authorities that are based in the same entity as the branch.

## **Anti-corruption capacities of public procurement in the security sector**

### **Methodological framework**

The methodology for determining the anti-corruption index (AC index) in the security sector is intended for internal monitoring of public procurement in order to assess the resistance of this sector to corruption, i.e. for determining the anti-corruption capacity of public procurement in the security sector (Kržalić, 2016). To assess the anti-corruption capacity of public procurement in the security sector, we fully used the methodology developed by the Centre for Security Studies within the

project "Building integrity and strengthening anti-corruption practices in the security sector - AcroSS", which was funded by the European Union.

The methodology contains systems for validation of resistance to corruption and monitoring of public procurement in the security sector in five areas:

- a) public procurement planning,
- b) implementation of the public procurement procedure,
- c) contract award and reporting,
- d) execution of the contract, and
- e) capacities of the security institution for the implementation of public procurement procedures.

For easier and more accurate application of the methodology, two tables were created for each of the five mentioned areas. The first table is used to collect data related to monitoring that will be used to write the annual monitoring report, and the second is used for monitoring itself. The first table lists 15 critical points or areas where corruption occurs during the implementation of public procurement in the security sector, with proposed anti-corruption mechanisms and action indicators. In the second table, which will be used for the development of the index and monitoring of public procurement in the security sector, five areas of monitoring are defined with indicators of the areas of monitoring, quantification of indicators and sources on the basis of which monitoring can be carried out, i.e. check the value of the obtained points.

For each of the mentioned areas of monitoring in the area of public procurement in the security sector, the methodology also proposed a quantification indicator - rating, as a certain value of the effectiveness of the area of monitoring. The value of the numerical indicator of monitoring is expressed in points, with the maximum AC value of capacity (capacity of resistance, transparency, efficiency and



verifiability) in each monitoring area expressed with three or five points. The lack of said capacities is expressed with one point.

The total result, created by adding up all the points in the five observed areas of monitoring, represents the numerical value of the resistance of public procurement in the security sector to corruption, that is, anti-corruption capacities in the five mentioned areas. Of course, for a more detailed monitoring analysis, it is possible to quantify only one of the five mentioned monitoring areas. By dividing the achieved number of points by the total possible number of points (115) and multiplying the achieved result by 100, the percentage result of the resistance of public procurement of the security sector to corruption is obtained. By multiplying the obtained percentage amount by 0.05, the value of the anti-corruption index of public procurement in the security sector is obtained, whereby for an average arithmetic value of 4.5 and 5, the value of the index is considered to be 5, for an average arithmetic value between 3.5 and 4.4 is considered to be an index value of 4, for an average arithmetic value between 2.5 and 3.4 it is considered to be a value of 3, for an average arithmetic value greater than 1.5 to 2.4 it is considered to be a value of 2, for an average an arithmetic value less than 1.5 is considered to be a value of 1.

### **Monitoring techniques**

Monitoring of public procurement in the security sector can be carried out in a number of different ways. Organizations should strive to use the most economical sources of data (evidence) of each segment in the security sector that is the subject of monitoring.

How the monitoring procedure itself will be carried out depends on the nature and selection of the area and the specificity of the monitoring field, but it is generally recommended to use the following methods:

a) Observation - a particularly important method in cases where there is no written evidence of public procurement procedures (this method is applicable only in cases where there is a person who will perform

observation in the sector itself, e.g. discreet observation can reveal unauthorized access to documentation).

b) Interview - it is useful in the case when there is no evidence or the evidence is insufficiently clear. The interviewer should pay attention to the tone of the conversation, because a harsh tone can affect the interviewee and cause a non-cooperative and defensive reaction.

c) Verification of credibility and accuracy - if during the monitoring procedure written documentation is obtained, the credibility and accuracy of the data can be verified (use the method of comparison and connection).

d) Analytical reviews – comparison of series of data, comparison of data of the subject over which monitoring was performed. For an analytical review, use available documentation such as audit reports, budgets, annual public procurement plans and other analyzes in the subject area.

## **Anti-corruption capacities of public procurement in the security sector - Report for 2020 and 2021**

### **Police of Brčko District BiH**

- No AC capacity, index value: 1.26

#### ***Findings:***

*Note: The subdivision of the Government of the Brčko District of BiH carries out all procurements for the institutions of the Brčko District of BiH and therefore also for the Police of Brčko District of BiH (PBD BiH). Although this is a good example of the establishment of a central procurement authority, institutions are obliged to publish documents on public procurement on their own official website.*

The institution does not have a section on its website where data on the public procurement process is published.

Also, a very small number of documents can be found on the Public Procurement Portal. First of all, it is recommended that the institution includes a section on its website where it will publish materials related to public procurement and where the necessary documents will be regularly updated.

We suggest that the institution publishes all public procurement documents, which of course include public procurement plans and amendments, if they exist, procurement notices, decisions on awarding contracts, decisions on the selection of the most favorable bidder, decisions on annulment, etc., and that it does so in parallel on its website and the BiH Public Procurement Portal.

The institution does not have built-in anti-corruption capacities or rather it is not inclined to work transparently. It is necessary for such a very important security institution to initiate this process. It is of great importance for the institution to show more cooperation, primarily to respond to inquiries about public procurement. Only with that step would the index value be higher.

### **Ministry of Internal Affairs of Zenica-Doboj Canton**

- High AC capacity, index value: 4.35

#### ***Findings:***

The Ministry of Internal Affairs of the Zenica-Doboj Canton (MIA ZDC) has announced public procurements for 2020 and 2021, including all amendments and additions to public procurements for the analyzed years.

The existence of the Department for Commercial Affairs, which brings plans for public procurement, as well as the fact that the MIA ZDC brings financial and operational plans on a monthly basis, is commendable. Concluded procurement contracts, requests, offers, tender documentation and documents related to the examination and evaluation of requests and offers, as well as other documents related to procurement, are kept in accordance with the laws of BiH related to archiving.

Furthermore, in accordance with the provisions of the Law on Access to Information in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, No. 32/2001 and 48/2011), every natural and legal person has the right to access information that is under the control of a public body, and every public authority has a corresponding obligation to communicate that information. The right to access information can be limited only in the manner and under the conditions established by this law.

By inspecting the content of the website of the MIA ZDC, it was observed that the institution did not publish a form for monitoring the implementation of the contract. It is recommended that the institution, in accordance with its legal obligations, update the contract implementation monitoring form on its website at least every three months.

It is recommended to change the way public procurement is carried out, more precisely the introduction of a centralized procurement process.

It is important to emphasize that the MIA ZDC answered all the questions that were sent by official e-mail, which certainly contributes to the transparency of this institution, but also reduces the AC index, since the necessary information had to be requested by inquiry, instead of being publicly available on the website.

### **Intelligence-Security Agency of BiH**

- No AC capacity, index value: 1.43

#### ***Findings:***

On the official website of the Intelligence-Security Agency of BiH (ISA BiH) for the years 2020 and 2021, a total of 11 attachments related to public procurement for the aforementioned years were published. Given the specificity of the work performed by this agency, access to information is limited by law.

For 2020, two temporary public procurement plans were published, the first for the period January-March, and the second for the period April-

June. In August, the ISA BiH Public Procurement Plan for 2020 was published, and for the same month later, an amendment to the plan was made, with one procurement item. For 2021, only temporary plans for the period January-March and April-June have been published, while the final Public Procurement Plan for 2021 has not been published.

In addition to the above-mentioned plans, only calls to submit offers have been published on the official website. Given that the final plan was published for one of the analyzed years, it is recommended that the institution forms and publishes a plan for the other years as well, and that, respecting the legal framework, they be more transparent in the process of public procurement.

In this sense, it is recommended that reports on procurement of materials/services that are not classified due to legal restrictions be made public.

No public invitations related to the implementation of public procurement procedures, decisions, contracts or other attachments were published on the institution's official website, which would allow us to have an insight into the level of transparency in the implementation of public procurement procedures.

Note: Due to legal restrictions, the institution did not submit a response to the inquiry.

### **Ministry of Defense of BiH**

- High AC capacity, index value: 3.91

#### ***Findings:***

The Public Procurement Plans for 2020 and 2021 have been published on the official website of the Ministry of Defense of BiH (MD BiH). During 2020, six changes and one amendment to the public procurement plan were made, in very short time intervals (a month), and some of them at the very end of the year, which is certainly not recommended.

Also, during 2021, a large number of changes to the plan were made (five of them), as well as amendments (three of them). The change in the plan for 2021, which happened five days after the year itself ended, was particularly noticeable.

It is concluded that the institution does not do good planning, taking into account that the changes to the 2021 plan repeat the changes from the previous year, which certainly means that they could have been foreseen and planned in the regular public procurement plan for that year.

It is recommended that the institution work on better planning of public procurement and to reduce the number of changes and additions that can certainly be foreseen in time, considering that a large number of them were repeated in the two analyzed years. If it is necessary to make changes and additions, it is suggested that they not be made at the very end of the year.

The institution publishes a large number of documents, a large number of contracts, agreements and decisions on its official website, which is commendable. On the official website, you can find a form for monitoring contract implementation, procurement notices, decisions on awarding contracts, decisions on choosing the most favorable bidder, a form for monitoring contract implementation, annulment decisions, which is the reason for the high AC capacity, and therefore an indicator of acting transparently.

Also, it is commendable that a new commission is appointed for each procurement procedure, and according to the data they provided, during one year several hundred people are engaged in commissions for public procurement. The institution has a special department and certified personnel for the implementation of public procurements, the control of the implementation of public procurements is regularly carried out, and the findings of external audits are publicly available. Resolutions and decisions on appeals are publicly available. In the submitted answer, it is stated that the percentage of complaints in relation to the number of procurements is about 5%.

| Institution | Public procurement planning | Implementation of public procurement | Awarding of contracts and reporting | Contract execution | Capacities for the implementation of public procurement | AC index value |
|-------------|-----------------------------|--------------------------------------|-------------------------------------|--------------------|---|----------------|
| PBD BiH     | 20.00                       | 21.74                                | 30.43                               | 33.33              | 21.74   | 1.26           |
| MIA ZDC     | 100.00                      | 78.26                                | 82.61                               | 100.00             | 73.91   | 4.35           |
| ISA BiH     | 36.00                       | 39.13                                | 21.74                               | 23.81              | 21.74   | 1.43           |
| MD BiH      | 76.00                       | 65.22                                | 78.26                               | 80.95              | 91.30   | 3.91           |

Table 1 - Value of AC index (PBD BiH; MIA ZDC; ISA BiH; MD BiH)

### Ministry of Internal Affairs of the Una-Sana Canton

- Medium AC capacity, index value: 3.43

#### *Findings:*

Public Procurement Plans for 2020 and 2021 have been published on the official website of the Ministry of Internal Affairs of Una-Sana Canton (MIA USC). Before the final Public Procurement Plan for 2020, the Temporary Public Procurement Plan for that year was adopted, and one amendment was also made.

For the year 2021, a temporary and then a final procurement plan was announced, and there were no changes to it. According to the available data, it can be concluded that the institution does good planning, given that there were no major changes or amendments to the final plan during the year.

Also, according to the available data on the website, as well as in the received letter, it was pointed out that the institution does not have a Department for public procurement, but rather they are carried out through the Department for material equipment and commercial affairs within the Sector for material and financial affairs and information and communication technologies.

The Committee for Public Procurement, the secretary and the deputy secretary, who are in charge of public procurement affairs, were appointed, and the same members do not change.

On the official website of the MIA USC, decisions on the selection of the most favorable bidder, essential elements of contracts and changes to contracts, decisions on annulment of public procurement procedures, notices on procurement and implementation of contracts can be found and are publicly available, which is an indication that the majority of public procurements works transparently.

In the letter received, it is stated that the percentage of complaints in relation to the number of procedures carried out is about 20%. However, they cannot be found on the website or, if they are published, it is very difficult to find them.

It is suggested that the institution work on the organization of its website so that access to attachments is simpler and that a selection of published documents, decisions, solutions, etc. is made. Also, it is recommended that, in accordance with the law, the members of the Commission for Public Procurement be periodically changed.

### **Ministry of Internal Affairs of Posavina Canton**

- Weak AC capacity, index value: 2.35

#### ***Findings:***

Public procurement plans for 2020 and 2021 have not been published on the official website of the Ministry of Internal Affairs of the Posavina Canton (MIA PC), and in addition, for the analyzed years, no other announcements, documents or anything related to public procurement can be found on the page.

Also, in the letter received from the institution, it is stated that the institution does not have a department or certified staff for the implementation of public procurements, which is performed by an expert associate within the Ministry's Support Department.



In addition, the commission that conducts public procurement does not change often, only when necessary, usually every four years.

The institution does not have built-in anti-corruption capacities; more precisely it is not inclined to work transparently. It is necessary to start this process. It is suggested that the institution publishes all public procurement documents (public procurement plan and amendments if any, procurement notices, contract award decisions, decisions on the selection of the most favorable bidder, decision on annulment, etc.) at the same time on its website and on the BiH Public Procurement Portal.

It is recommended to the institution to form a special department for public procurement in which certified personnel will be engaged. Also, it is recommended that the members of the public procurement commission be changed every year.

### **Agency for Education and Professional Training**

- High AC capacity, index value: 4.00

#### ***Findings:***

Public procurement plans for 2020 and 2021 have been published on the official website of the Agency for Education and Professional Training (AEPTM).

During 2020, two plans for public procurement and amendments were published for exterior decoration, after that there were no additional changes and additions.

In the published tender documentation, there are precise technical specifications of goods and services, on the basis of which we can conclude that the institution correctly creates public procurement plans.

In 2021, two public procurement plans and one amendment and modification to the plan were also published. Also, decisions on the selection of the most favorable bidder are published on the website.

For the implementation of public procurements, two workplaces related to equipping and procurement of material and technical means have been systematized, and a new composition of the commission is appointed for each public procurement procedure.

### **Ministry of Internal Affairs of Sarajevo Canton**

- High AC capacity, index value: 3.52

#### ***Findings:***

Two public procurement plans for 2020 and nine amendments and modifications were published on the official website of the Ministry of Internal Affairs of Sarajevo Canton (MIA CS), with the last amendment made thirteen days before the end of the year.

It is concluded that the institution does not perform the best planned procurement, although the technical specifications of the goods and services are precisely stated in the documentation.

In 2021, one public procurement plan and five amendments to the public procurement plan were published, while the last one was published in the last week of 2021.

In contact with the institution, we learned that public procurement officers are persons employed in the positions of public procurement officers in accordance with the Rulebook on Internal Organization and as such do not change, while commissions are formed separately for each public procurement procedure.

If it is possible to predict the need for certain goods or services, it is recommended that the MIA CS plans public procurement better and in more detail, in order to reduce the number of changes and additions to public procurement plans.

| Institution | Public procurement planning | Implementation of public procurement | Awarding of contracts and reporting | Contract execution | Capacities for the implementation of public procurement | AC index value |
|-------------|-----------------------------|--------------------------------------|-------------------------------------|--------------------|---|----------------|
| MIA USC     | 68.00                       | 56.52                                | 82.61                               | 80.95              | 56.52   | 3.43           |
| MIA PC      | 52.00                       | 34.78                                | 39.13                               | 71.43              | 39.13   | 2.35           |
| AEPTM       | 88.00                       | 91.30                                | 65.22                               | 95.24              | 60.87   | 4.00           |
| MIA CS      | 60.00                       | 78.26                                | 78.26                               | 80.95              | 56.52   | 3.52           |

**Table 2 - Value of AC index (MIA USC; MIA PC; AEPTM; MIA CS)**

### **Ministry of Internal Affairs of the Republic of Srpska**

- High AC capacity, index value: 3.65

#### ***Findings:***

One plan and one amendment to the public procurement plan for 2020 were published on the official website of the Ministry of Internal Affairs of the Republic of Srpska (MIA RS), while four amendments and amendments and modifications to public procurement were published for the same year. All were published in the first half of 2020.

For the year 2021, one plan and four amendments were published, according to which we can conclude that there are no major deviations.

The department for the implementation of public procurement does not exist, and the commission is formed and changed depending on the type of procurement.

According to the available data, it is evident that the weakest point in the MIA RS is the planning of public procurements and the capacity to implement public procurements.

It is recommended to approach public procurement planning more carefully, in order to reduce the number of modifications and amendments to plans.

It is also recommended that a special department for public procurement be formed, in which certified personnel will be engaged.

### **Federal Ministry of the Internal Affairs**

- Medium AC capacity, index value: 2.61

#### ***Findings:***

The public procurement plan for 2020 and 2021 has been published on the website of the Federal Ministry of the Internal Affairs (FMIA). By inspecting them, no major deviations were noticed. Amendments to public procurement have also been published, and it is evident that these are the same items for 2020 and 2021, which means that they could have been foreseen and planned in the regular public procurement plan.

It is recommended to the institution, if possible, to plan public procurements in more detail and to analyze public procurements for previous years, in order to reduce the number of unnecessary amendments and modifications to plans.

The institution does not have built-in anti-corruption capacities; more precisely, it is not inclined to work transparently. It is necessary to start this process. It is suggested that the institution publishes all public procurement documents (public procurement plan and amendments if any, procurement notices, contract award decisions, decisions on the selection of the most favorable bidder, decisions on annulment, etc.) at the same time on its website and on the BiH Public Procurement Portal.

Also, it should be emphasized that an official e-mail was sent to FMIA in which the missing information was requested, but no reply was received.

## **Agency for Forensic and Expert Examinations**

- High AC capacity, index value: 3.90

### ***Findings:***

Public procurement plans for 2020 and 2021, as well as amendments and modifications, have been published on the website of the Agency for Forensic and Expert Examinations (AFEE).

By reviewing them, no major deviation was noticed in the plan for 2020 compared to the plan from 2021, where in 2021, about 400,000 BAM was saved.

The institution publishes contract monitoring forms on its website, as well as decisions on the selection of the most favorable bidder, decisions on postponing public procurement, and regular calls to submit bids.

It is concluded that the processes are transparent and publicly available.

In the Rulebook on the internal organization of AFEE, the position of "expert associate for public procurement", which is vacant, is systematized.

Obligations in this area are performed by two civil servants, as well as the duties of the other workplace to which they were initially employed. It is recommended that more people be involved in the Public Procurement Department.

AFEE appoints a new commission for each public procurement procedure, and the officials working on public procurement cases do not change, which directly affects the possibility of corrupt actions.

However, it is necessary to ensure the principle of separation of duties, i.e. to ensure that the employees of the Procurement and Logistics Department are not members of the commissions.

Also, during 2021, the institution did not have a single complaint about the initiated and implemented procedures.

It is suggested that any complaints be publicly available and that the public be informed via the website about the further course of the process.

### **Directorate for Coordination of Police Bodies of BiH**

- High AC capacity, index value: 4.30

#### ***Findings:***

Public procurement plans for 2020 and 2021 have been published on the website of the Directorate for the Coordination of Police Bodies of BiH (DCPB BiH).

A significant deviation was observed in the 2020 plan compared to the 2021 plan. Thus, in 2021, approximately BAM 1,500,000 was saved compared to the money spent on public procurement in 2020.

Upon inspection of the institution's website, it was observed that the forms for monitoring the implementation of the contract have been published in detail, which means that the institution, in accordance with its legal obligations, updates the form for monitoring the implementation of the contract at least every three months.

However, DCPB BiH does not have a separate department for public procurement, but in the Department for financial material affairs and budget management, the position of "expert advisor for procurement" is systematized, and there are several public procurement officers.

It is recommended that this institution establish a Department for Public Procurement in the coming period, in order to increase productivity and strengthen the transparency of all public procurement.

By searching the website of this institution, the completeness, but also the incomprehensibility of the announcements was observed. For this reason, it is recommended that the institution make the inspection of those documents more transparent, through the categorization of

announcements, and that the announcements related to the same procedure are linked to make them more transparent.

It is necessary to point out that this institution submitted answers regarding public procurements and in that way additionally supported the transparency of its public procurements. However, it is necessary to point out that the data, requested by official e-mail, should in principle be publicly available on the DCPB BiH website.

| Institution     | Public procurement planning | Implementation of public procurement | Awarding of contracts and reporting | Contract execution | Capacities for the implementation of public procurement | AC index value |
|-----------------|-----------------------------|--------------------------------------|-------------------------------------|--------------------|---|----------------|
| <b>MIA RS</b>   | 76.00                       | 86.96                                | 60.87                               | 80.95              | 60.87   | <b>3.65</b>    |
| <b>FMIA</b>     | 68.00                       | 65.22                                | 47.83                               | 57.14              | 21.74   | <b>2.61</b>    |
| <b>AFEE</b>     | 76.00                       | 60.80                                | 91.30                               | 90.40              | 73.90   | <b>3.90</b>    |
| <b>DCPB BiH</b> | 92.00                       | 69.50                                | 86.90                               | 90.40              | 91.30   | <b>4.30</b>    |

**Table 3 - Value of AC index (MIA RS; FMIA; AFEE; DCPB BiH)**

## **Instead of a conclusion**

Most of the institutions received a rating that can be classified as higher than average. Therefore, the level of transparency during public procurement, at the analyzed institutions, is at a high level. Nevertheless, from a journalistic perspective, it must be emphasized that transparency does not necessarily mean the absence of corruption. We must be aware that transparency is only a tool that can be used by the public to monitor the spending of public money.

What is particularly concerning is that the existence of institutions that, within this analysis, received the lowest marks and at the same time did not deign to answer the official inquiries of the Centre for Security Studies, even though the project in question was explained.

We hope that, thanks to this report, the people in management of the analyzed institutions will understand what these shortcomings are and that they will eliminate them in the shortest possible time.

The periodicity of such analyzes or monitoring is certainly recommended, and in order to finally be able to answer the question of how the institutions have improved over the years or whether the managers have decided to ignore the findings of this and similar researches.

Certain recommendations are listed in the report. They are not mandatory, but competent institutions, or rather superior institutions, could take it upon themselves to monitor the implementation of the recommendations, which is why the report will be submitted to all relevant institutions in BiH.



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## Excerpts from reviews

*„The uniqueness of this report is reflected in the fact that students from BiH are its target group, young people who already contribute or should contribute to BiH society in their upcoming profession life. What is even more specific is that the report was made partly by students and partly by journalists, so it initially has a slightly different angle than the one provided by the institutions.“*

Amil Dučić, Fokus journalist (fokus.ba)

*“The results of the Report will certainly be useful to researchers in the field of security, but also to managers of security agencies who want to improve the integrity of their staff, as well as improve the public procurement system. I believe that representatives of the legislative authority, practitioners in security authorities and services, as well as other relevant institutions responsible for security affairs, should be informed about the findings of the Report.”*

Armin Kržalić, Associate Professor at the Faculty of Criminalistics, Criminology and Security Studies of the University of Sarajevo



