

Public Procurement in Kosovo

Beyond technical amendments: Towards a structural reform of Public Procurement in Kosovo

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Beyond Technical Amendments: Towards a Structural Reform of Public Procurement in Kosovo

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LIST OF ABBREVIATIONS

ACA	Anti-Corruption Agency
BRAK	Kosovo Business Registration Agency
KAS	Kosovo Agency of Statistics
TAK	Tax Administration of Kosovo
ATK	Administrata Tatimore e Kosovës
EU	European Union
BI	Business Intelligence
CIPS	Chartered Institute of Procurement and Supply
CPI	Continuous Process Improvement
FFP	Firm-Fixed-Price
KPIs	Key Performance Indicators
ID/IQ	Indefinite Delivery / Indefinite Quantity
PPRC	Public Procurement Regulatory Commission
LCC	Life-Cycle Costing
PPL	Public Procurement Lawublik
MoJ	Ministry of Justice
MoF	Ministry of Finance
NTE	Not-to-Exceed
OCDS	Open Contracting Data Standard
OECD	Organisation for Economic Co-operation and Development
PRB	Procurement Review Body
P2P	Procure-to-Pay
SRM	Supplier Relationship Management
SRPP	Socially Responsible Public Procurement

INTRODUCTION

Public procurement in Kosovo is one of the principal mechanisms for managing public funds, with a direct impact on the quality of public services, economic development, and citizens' trust in state institutions. Due to the significant financial value involved, the complexity of procurement processes, and the large number of stakeholders participating in them, public procurement remains one of the sectors most exposed to corruption, conflicts of interest, and undue influence in decision-making.

Although Kosovo's public procurement legal framework has undergone several reforms and formal alignments with European Union standards, the last comprehensive legislative reform was undertaken in 2011, while subsequent amendments have been largely technical and limited in scope. Consequently, for more than a decade the system has operated under a legal framework that has not fully reflected recent developments in public procurement, including digitalisation, risk management, and modern performance- and value-oriented approaches.

While the Public Procurement Law incorporates fundamental principles such as transparency, equal treatment, and free competition, practical experience demonstrates that these principles often remain declarative rather than being effectively implemented. The system continues to be characterised by fragmentation across the procurement cycle, insufficient coherence between the planning, tendering, and contract administration phases, and significant gaps in oversight, accountability, and performance management.

In contrast, the European public procurement framework, particularly Directive 2014/24/EU, promotes an integrated approach covering the entire procurement life cycle and focusing on competition, integrity, performance, digitalisation, and value for money. Kosovo's system, however, has progressed primarily in procedural and technical aspects. As a result, substantial weaknesses persist in procurement planning, market analysis, the use of non-competitive procedures, effective contract management, performance monitoring, and the prevention of conflicts of interest.

These challenges have become even more relevant in light of the ongoing reform of Kosovo's public procurement legislation. In January 2026, the Ministry of Finance established a working group tasked with drafting a new Public Procurement Law, opening an important opportunity to modernise the system. However, the exclusion of civil society organisations from this process raises concerns regarding the inclusiveness, transparency, and overall quality of the reform, particularly considering the long-standing contribution of civil society in identifying procurement risks, legal gaps, and systemic weaknesses¹.

Against this backdrop, this analysis seeks to identify and assess the principal legal, institutional, and operational challenges affecting Kosovo's public procurement system, as well as their impact on competition, integrity, performance, and the value generated through public expenditure. The analysis draws upon more than a decade of monitoring, research, and reporting conducted by the Kosova Democratic Institute (KDI), together with the findings of domestic and international institutions that have assessed the performance of Kosovo's public procurement and governance systems.

Beyond identifying existing challenges, the analysis places its findings within a comparative framework based on the European Union *acquis*, the practices of EU Member States, and contemporary procurement management models developed by the OECD, SIGMA, the World Bank, CIPS, and other internationally recognised institutions. Its objective is to identify the structural shortcomings that limit the effectiveness of the current system and to provide an evidence-based foundation for reforms focused on integrity, performance, innovation, and the development of a modern, integrated, and sustainable public procurement system.

¹ Telegrafi. 2026. Civil Society Criticises the Establishment of the Working Group on the Public Procurement Law. February 4. Retrieved from: <https://telegrafi.com>; *Betimi për Drejtësi*. 2024. *Metushi-Krasniqi: The Attempt to Interfere with Competences – The Draft Public Procurement Law Was Prepared in Government Offices*. March 18. Retrieved from: <https://betimiperdrejttesi.com>

This analysis identifies weaknesses throughout the entire procurement cycle, from procurement planning and market analysis, the preparation of technical specifications, the use of non-competitive procedures, and limited competition, to contract administration, digitalisation, and institutional capacity. Despite notable progress in transparency and the digitalisation of procurement procedures, the system continues to suffer from institutional fragmentation, limited use of data for decision-making, and the absence of advanced mechanisms for risk management, integrity monitoring, and performance measurement.

Accordingly, the analysis proposes a package of legal, institutional, and technological reforms aimed at building a more integrated, transparent, competitive, and results-oriented procurement system. The ultimate objective is to establish a public procurement system that not only guarantees legality and transparency, but also delivers higher performance, more efficient use of public resources, and greater public confidence in state institutions.

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1. GENERAL CHALLENGES OF THE PUBLIC PROCUREMENT SYSTEM

1.1 Fragmentation of the Public Procurement Cycle

The problem

One of the principal weaknesses of Kosovo's public procurement system remains its institutional fragmentation and the absence of an integrated approach to the procurement cycle. Although the legal framework has been amended repeatedly, reforms have been predominantly technical rather than structural. Consequently, the system continues to suffer from fragmented institutional responsibilities, limited oversight, and insufficient accountability mechanisms.

“The core problem of Kosovo's public procurement system is therefore not merely the absence of adequate rules, but rather institutional fragmentation and the lack of an integrated procurement cycle.”

— Based on KDI's analysis and monitoring of political integrity, public procurement, and contract management.



Public Procurement Law (PPL) (8-stage fragmented approach)	CIPS Procurement Cycle (13-stage integrated approach)
1. Procurement Planning	1. Needs Identification
2. Preparation of Tender Documents	2. Requirements Definition (Specifications)
3. Contract Notice Publication	3. Market Analysis
4. Submission of Tenders	4. Sourcing Strategy
5. Opening and Evaluation of Tenders	5. Selection of the Procurement Procedure
6. Contract Award	6. Tender Preparation
7. Contract Management	7. Tender Publication and Management
8. Contract Completion	8. Tender Evaluation
	9. Negotiation (where applicable)
	10. Contract Award
	11. Contract Management
	12. Performance Management
	13. Contract Close-out and Evaluation (Lessons Learned)

Table 1. Comparison of procurement cycle: LPP vs CIPS³

The difference between the current approach under the Public Procurement Law (PPL) and contemporary international models lies not only in the number of stages of the procurement cycle, but also in the integrity, accountability, and risk management mechanisms that accompany each stage⁴. Under the current model, conflicts of interest are addressed primarily as disclosure and procedural matters, whereas mechanisms for the early identification of risks, performance monitoring, and individual and institutional accountability remain limited. In the advanced models promoted by CIPS, the OECD, and SIGMA, each stage of the procurement cycle incorporates integrated integrity controls, market analysis, risk management, performance monitoring, and clear accountability mechanisms, enabling problems to be identified and addressed before they materialise into financial losses or compromise the integrity of the procurement process.

Consequences

The absence of an integrated approach limits the capacity of public institutions to effectively identify and manage conflicts of interest and corruption risks throughout the entire public procurement cycle. Owing to the fragmentation of processes and data across institutions and across different stages of the procurement cycle, many risks are identified only after they have already resulted in financial or operational consequences. At the same time, the lack of integrated mechanisms for risk management, performance monitoring, and inter-institutional coordination weakens accountability, limits effective oversight, and creates opportunities for favouritism, mismanagement, and the inefficient use of public funds.⁵.

3 Chartered Institute of Procurement & Supply (CIPS). n.d. Procurement and Supply Cycle. Retrieved from: <https://www.cips.org>
4 Organisation for Economic Co-operation and Development (OECD). 2015. OECD Recommendation of the Council on Public Procurement. Paris: OECD Publishing. Retrieved from: <https://www.oecd.org/gov/public-procurement/recommendation/>
5 Organisation for Economic Co-operation and Development (OECD). 2025. Implementing the OECD Recommendation on Public Procurement in OECD and Partner Countries: 2020–2024 Report. OECD Public Governance Reviews. Paris: OECD Publishing. Retrieved from: https://www.oecd.org/en/publications/implementing-the-oecd-recommendation-on-public-procurement-in-oecd-and-partner-countries_02a46a58-en.html

Recommendations

- Adopt a new Public Procurement Law based on an integrated approach aligned with contemporary European and international best practices;
- Integrate mechanisms for identifying and managing integrity risks and conflicts of interest throughout all stages of the public procurement cycle;
- Establish clear institutional and individual accountability mechanisms across the entire procurement cycle;
- Reorient the system towards performance management, results, and value for money, moving beyond the traditional emphasis on procedural compliance;
- Gradually develop an integrated Procure-to-Pay (P2P) system that connects procurement planning, tendering, contract administration, performance monitoring, and payment processing within a single, end-to-end procurement cycle.

1.2 Lack of a functional distinction between Purchasing and Procurement

The problem

Another structural limitation of the current system is the absence of a functional distinction between purchasing and procurement. The current legal framework applies virtually the same procedural approach to almost all categories of contracting, regardless of their complexity, value, or level of risk. Contemporary international practice clearly distinguishes routine and standardised purchasing from strategic procurement. This distinction enables the automation of routine transactions while allowing professional procurement capacity to focus on complex contracts, performance management, innovation, and the creation of long-term value for public money⁶.

Purchasing → focuses on standard transactions, electronic catalogues, dynamic purchasing systems, and automation.

Procurement → focuses on procurement planning, market analysis, complex contracting, supplier management, performance management, innovation, and sustainability.

Consequences

The absence of a functional distinction between purchasing and procurement leads to the inefficient use of professional capacity, as a significant proportion of administrative resources is devoted to routine processes and standard transactions. As a result, complex contracts, infrastructure projects, and high-value services are often managed using the same procedural approach as routine purchases, limiting strategic planning, market analysis, and performance management.⁷ At the same time, the absence of electronic catalogues, dynamic purchasing systems, and procurement automation mechanisms reduces operational efficiency, limits the achievement of economies of scale, and constrains the system's ability to generate cost savings⁸, deliver greater value for public money, and achieve better procurement outcomes.⁹

Recommendations

- Establish a clear conceptual and functional distinction between Purchasing and Procurement within the legal and institutional framework;
- Develop a differentiated purchasing management model based on the complexity, value, and risk level of contracts;
- Expand the use of automation and digital tools for routine purchasing in order to reduce administrative burden and improve operational efficiency;

⁶ Chartered Institute of Procurement & Supply (CIPS). n.d. Procurement and Supply Cycle. Retrieved from: <https://www.cips.org>

⁷ Chartered Institute of Procurement & Supply (CIPS). n.d. Procurement and Supply Cycle. Retrieved from: https://www.cips.org_Thai_Khi_V.,_ed._2009._International_Handbook_of_Public_Procurement._Boca_Raton,_FL:_CRC_Press._Retrieved_from:_https://www.taylorfrancis.com/books/edit/10.4324/9781315092539/international-handbook-public-procurement-khi-thai

⁸ Organisation for Economic Co-operation and Development (OECD). 2025. Implementing the OECD Recommendation on Public Procurement in OECD and Partner Countries: 2020–2024 Report. OECD Public Governance Reviews. Paris: OECD Publishing. Retrieved from: https://www.oecd.org/en/publications/implementing-the-oecd-recommendation-on-public-procurement-in-oecd-and-partner-countries_02a46a58-en.html

⁹ World Bank. 2023. Sustainable Procurement: Implementation Stage – Putting the Sustainable Procurement Strategy into Action. Washington, DC: World Bank. Retrieved from: <https://thedocs.worldbank.org/en/doc/01802d374f64ff681613cfff8ccad3576-0290012023/original/Sustainable-Procurement-August-2023.pdf>



- Strengthen the role of the Central Procurement Agency (CPA) in developing centralised purchasing, electronic catalogues, and dynamic purchasing systems for standard goods and services;
- Refocus professional procurement capacity on strategic functions, including procurement planning, market analysis, contract management, performance management, and supplier management;
- Promote a value-for-money approach that recognises procurement as a strategic governance function rather than merely an administrative purchasing process.

1.3 Lack of Sustainable and Innovative Procurement

The problem

Kosovo's public procurement system has yet to utilise procurement as a strategic instrument for promoting environmental, social, and innovation objectives in line with European Union standards.¹⁰ Legal requirements relating to Green Public Procurement (GPP), Innovation Procurement, and Socially Responsible Public Procurement (SRPP) are not applied in practice, while the focus continues to rest primarily on procedural compliance and the initial contract price. As a result, the potential of public procurement to support sustainable development, foster innovation, and create long-term value for society remains largely untapped.¹¹

Consequences

The failure to integrate environmental, social, and innovation objectives limits the capacity of public procurement to contribute to the achievement of broader economic and social development policies. Consequently, public investments continue to be assessed primarily on the basis of their initial cost, while their long-term economic, social, and environmental impacts receive only limited consideration. This, in turn, reduces the potential of public procurement to promote innovation, energy efficiency, the circular economy,

social responsibility, and the creation of long-term value for money¹².

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- Gradually integrate the principles of sustainable, green, and innovative procurement into the legal and regulatory framework governing public procurement;
- Develop policies and practical guidance on the application of environmental, social, and innovation criteria throughout the procurement cycle;
- Promote the evaluation of tenders based on Life-Cycle Costing (LCC) rather than solely on the initial contract price;
- Strengthen institutional and professional capacity for the planning and implementation of sustainable and innovative procurement;
- Establish clear objectives and performance indicators to monitor and measure progress in green, socially responsible, and innovative procurement;
- Encourage the participation of innovative enterprises, small and medium-sized enterprises (SMEs), and economic operators offering solutions with added environmental and social value;
- Leverage the purchasing power of the public sector to advance sustainable development, support the green transition, and foster innovation, in line with the priorities of the European Union.

1.4 Institutional and Oversight Weaknesses

The problem

The Public Procurement Regulatory Commission (PPRC), the Central Procurement Agency (CPA), and the Procurement Review Body (PRB) continue to face limited

10 European Parliament and Council of the European Union. (2014). Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC. Official Journal of the European Union. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0024>

11 European Commission. (2016). Buying Green! A Handbook on Green Public Procurement (3rd ed.). Luxembourg: Publications Office of the European Union. Retrieved from, <https://op.europa.eu/en/publication-detail/-/publication/8c2da441-f63c-11e5-8529-01aa75ed71a1/language-en/format-PDF/source-287889172>

12 World Bank. (2023). Sustainable procurement: Implementation stage – Putting the sustainable procurement strategy into action. Retrieved from, <https://thedocs.worldbank.org/en/doc/01802d374f64ff681613cff8ccad3576-0290012023/original/Sustainable-Procurement-August-2023.pdf>

professional capacity and persistent challenges in effectively fulfilling their mandates. Despite their central role in regulating, implementing, and overseeing the public procurement system, their operations continue to be constrained by limited human resources, specialised expertise, and analytical capacity¹³. At the same time, the current allocation of institutional responsibilities and the overlap of certain functions continue to create challenges for the coordination, consistency, and overall effectiveness of the procurement system.¹⁴

Similarly, the professional capacity of procurement officials remains limited. The lack of advanced training, functional specialisation, and continuous professional development affects the quality of procurement planning, the preparation of tender criteria and tender documentation, market analysis, and the administration and management of procurement processes. Furthermore, the current certification and professional development system does not yet fully reflect the complexity and evolving nature of the modern public procurement function.

Consequences

Limited institutional and professional capacity directly affects the quality and consistency of the implementation of public procurement legislation¹⁵. As a result, institutions frequently encounter difficulties in interpreting and applying procurement rules, developing consistent practices, and providing adequate support to contracting authorities and economic operators¹⁶.

Moreover, the lack of specialised expertise limits the ability of institutions to respond to the increasingly complex challenges of modern public procurement, including digitalisation, sustainable procurement, data analytics, risk management, and the application of advanced evaluation methodologies. This situation undermines the overall effectiveness of the procurement system, reduces public and market confidence in the responsible institutions, and limits their capacity to lead and drive reform processes in the public procurement sector.

Recommendations

- Undertake a functional restructuring and clarify the mandates, roles, and responsibilities of the Public Procurement Regulatory Commission (PPRC), the Central Procurement Agency (CPA), and the Procurement Review Body (PRB);
- Strengthen the professional, analytical, and oversight capacities of the institutions responsible for public procurement;
- Professionalise the procurement function through functional specialisation, advanced training, and continuous professional development;
- Reform the certification and professional development system for procurement officials in line with contemporary international best practices;
- Develop institutional capacity in performance management, data analytics, risk management, and integrity monitoring.

1.5 Challenges in Digitalization, Interoperability, and Real-Time Integrity Monitoring

The problem

Kosovo's electronic procurement system has made significant progress in the digitalisation of tendering procedures and its integration with selected public systems, including the Treasury and the electronic platform of the Procurement Review Body (PRB). However, it still does not operate as a fully integrated end-to-end system, in which procurement planning, tendering, contract administration, the receipt of goods and services, and payment processing are seamlessly interconnected and automated.

Despite important advances in transparency and the electronic administration of procurement procedures, many processes continue to rely on manual interventions, fragmented documentation, and systems

13 OECD. Public Administration in Kosovo 2024: Assessment against the Principles of Public Administration, SIGMA Monitoring Reports (Paris: OECD Publishing, 2025), Retrieved from: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/01/public-administration-in-kosovo-2024_d9378da9/a53fce6b-en.pdf

14 Zëri. 2018. "Reform Needed to Combat Corruption in Public Procurement." Gazeta Zëri, August 8. Retrieved from: <https://zeri.info/ekonomia/211066/kerkohet-reforme-per-ta-luftuar-korrupsionin-ne-prokurim/>

15 OECD. 2023. The Principles of Public Administration. Paris: OECD Publishing. Retrieved from: https://www.sigmaweb.org/content/dam/sigma/en/publications/reports/2023/11/the-principles-of-public-administration_5e68f805/7f5ec453-en.pdf

16 European Commission. (2015–2025). Kosovo reports / Progress reports. <https://enlargement.ec.europa.eu>

that do not fully communicate with one another¹⁷. As a result, data relating to public procurement, budget execution, payments, economic operators, and other relevant sources remain fragmented across different institutions and digital platforms.¹⁸

Compared with the practices of the European Union and OECD member countries, where public procurement is increasingly evolving towards integrated Procure-to-Pay (P2P) ecosystems, Kosovo's system continues to be characterised by limited interoperability and only partial process automation.¹⁹

Consequences

The fragmentation of information systems reduces operational efficiency, increases administrative costs, and creates a continued reliance on manual controls. The absence of automated data exchange between public institutions complicates verification processes, slows decision-making and administrative procedures, and limits the end-to-end traceability of the public procurement cycle²⁰.

Consequently, public institutions are unable to fully realise the benefits of digitalisation in reducing administrative burdens, improving inter-institutional coordination, and ensuring more efficient management of procurement processes and public resources. At the same time, the lack of system integration limits opportunities for process automation, data standardisation, and the development of a comprehensive view of the entire public expenditure cycle²¹.

Recommendations

- Develop an integrated Procure-to-Pay (P2P) architecture that connects procurement planning, tendering, contract administration, the receipt of goods and services, and payment processing within a single, fully integrated, and automated workflow;
- Achieve full interoperability between the e-Procurement system, the Treasury, the budget management system, the Agency for Prevention of Corruption (APC), the Kosovo Business Registration Agency (KBRA), and other relevant government databases;
- Fully digitalise contract administration, contract management, and contract monitoring processes;
- Standardise data exchange and develop mechanisms for the automated sharing of information between public institutions;
- Expand digital public services and automate routine processes to reduce administrative burdens and improve operational efficiency;
- Expand the use of open data and digital services to strengthen transparency, accountability, and public oversight of public procurement.

17 Kosova Democratic Institute (KDI). 2023. Political Integrity: What Data Do We Have? Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/publikimet/integriteti-politik-cfare-te-dhenash-kemi/>

18 Open Contracting Partnership. (2021, 14 dhjetor). Setting up for success: Data and public oversight for more transparent public procurement in Kosovo. Marrë nga, <https://www.open-contracting.org/2021/12/14/setting-up-for-success-data-and-public-oversight-for-more-transparent-public-procurement-in-kosovo>

19 Open Contracting Partnership. 2021. Setting Up for Success: Data and Public Oversight for More Transparent Public Procurement in Kosovo. December 14. Retrieved from: <https://www.open-contracting.org/2021/12/14/setting-up-for-success-data-and-public-oversight-for-more-transparent-public-procurement-in-kosovo>

20 Clark, J., Marin, G., Ardic Alper, O. P., & Galicia Rabadan, G. A. (2025). *Digital Public Infrastructure and Development: A World Bank Group Approach* (Digital Transformation White Paper, Vol. 1). Washington, DC: World Bank Group. Marrë nga, <https://openknowledge.worldbank.org/entities/publication/cca2963e-27bf-4ddb-aa5a-24a0ffc92ed9>

21 Open Contracting Partnership. (2024). Open Contracting Data Standard (OCDS). Retrieved from, <https://standard.open-contracting.org>

2. CHALLENGES IN THE PRE-TENDER PHASE

2.1 Weak Procurement Planning and the lack of Market Analysis

The Problem

The most significant weaknesses of the public procurement system often originate during the procurement planning phase. In many cases, procurement planning is treated as a formal administrative requirement rather than as a strategic process involving needs assessment, market analysis, cost estimation, and risk management²². As a result, contracting authorities frequently lack sufficient information on market structure, the level of competition, and prevailing market prices²³.

Another significant weakness is the absence of the systematic use of historical pricing data and a national

reference price catalogue²⁴. Public institutions rarely make use of data from previous contracts or other public data sources, such as statistics from the Kosovo Agency of Statistics (KAS), fiscal data from the Tax Administration of Kosovo (TAK), and import data from Kosovo Customs, for cost estimation and budget planning. Consequently, the risk of unrealistic cost estimates, overestimation or underestimation of financial needs, and deviations between planned contract values and actual contract costs increases.

The establishment of a National Reference Price Catalogue, based on historical public procurement data and other relevant government data sources, would improve procurement planning, strengthen market analysis, and enhance the assessment of the reasonableness of contract prices.²⁵

“Discriminatory qualification criteria and the use of non-competitive procurement procedures continue to favour certain economic operators while restricting genuine competition.”

— Based on KDI's monitoring of tender criteria and emergency procurement procedures.

22 Chartered Institute of Procurement & Supply (CIPS). (n.d.). Procurement and Supply Cycle. Retrieved from, <https://www.cips.org>

23 Komisioni Evropian. (2015). *Public Procurement: Guidance for Practitioners on the Avoidance of the Most Common Errors in Projects Funded by the European Structural and Investment Funds*. Luxembourg: Publications Office of the European Union. Retrieved from, https://ec.europa.eu/regional_policy/sources/guidance/guidance_public_proc_en.pdf

24 OECD. (2025). Implementing the OECD Recommendation on Public Procurement in OECD and Partner Countries: 2020–2024 Report. OECD Public Governance Reviews. Paris: OECD Publishing. Retrieved from, https://www.oecd.org/en/publications/implementing-the-oecd-recommendation-on-public-procurement-in-oecd-and-partner-countries_02a46a58-en.html

25 Kosova Democratic Institute (KDI). 2021. Why Should Kosovo Establish a National Reference Price Catalogue? Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/publikimet/pse-duhet-te-kemi-nje-katalog-shteteror-te-cmimeve/>

Consequences

Weak procurement planning, inadequate market analysis, and the limited use of historical data directly affect the quality of procurement processes. In the absence of sufficient information on market capacity, reference prices, and relevant economic indicators, contracting authorities frequently prepare unrealistic procurement plans and inaccurate cost estimates²⁶. As a result, competition is reduced, while the risks of unrealistic bids, contract amendments, project delays, and cost overruns increase.

At the same time, the absence of a structured system of historical reference prices and the limited use of data from public procurement, the Kosovo Agency of Statistics (KAS), the Tax Administration of Kosovo (TAK), and Kosovo Customs limit the ability of public institutions to assess the reasonableness of prices and ensure value for money.

Furthermore, the absence of a clear legal framework governing in-house procurement creates legal uncertainty and increases the risk of circumventing competition through the use of non-competitive arrangements in situations where the market could provide more efficient and cost-effective solutions.²⁷ As a result, competition, transparency, and the efficiency of public spending are weakened.

Recommendations

- Make market analysis a mandatory component of procurement planning, particularly for high-value, complex, or high-risk contracts.
- Strengthen institutional capacity and develop standard methodologies and guidance for market analysis, cost estimation, and procurement planning, in line with European Union and OECD best practices;
- Establish a National Reference Price System, based on historical public procurement data

and other relevant government data sources, including the Kosovo Agency of Statistics (KAS), the Tax Administration of Kosovo (TAK), and Kosovo Customs (National Reference Price Catalogue).

- Establish a clear legal framework governing in-house procurement, in accordance with Directive 2014/24/EU and the case law of the Court of Justice of the European Union (CJEU);
- Strengthen the transparency and oversight of in-house contracting through the mandatory publication of decisions, justifications, and the corresponding contracts.

2.2 Discriminatory technical specifications and restrictions on competition

The problem

KDI's analyses have consistently identified the use of discriminatory qualification criteria and technical specifications that favour certain economic operators, thereby limiting the participation of other potentially qualified bidders²⁸. These practices commonly take the form of disproportionate requirements relating to experience, references, equipment, or technical capacity, as well as technical specifications that refer to products or solutions offered by only a limited number of economic operators. In the absence of robust market analysis and clear standards for the preparation of tender documentation, contracting authorities often fail to assess whether the established requirements are necessary, proportionate, and consistent with actual market conditions.²⁹ As a result, many procurement procedures are conducted with only minimal (or merely formal) competition, reducing the likelihood of obtaining the most economically advantageous tender (MEAT), increasing the risk of favouritism, and limiting the achievement of value for money.³⁰

26 Kosova Democratic Institute (KDI). 2021. Monitoring Municipal Expenditures through Public Procurement in the Municipalities of Prizren, Suhareka, Ferizaj, Lipjan, Podujeva, and Istog. Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/wp-content/uploads/2021/01/2021-01-29-USAID-TEAM-KDI-Monitorimi-i-shpenzimeve.pdf>

27 European Commission. 2022. Kosovo Report 2022. Brussels: European Commission. Retrieved from: <https://enlargement.ec.europa.eu/system/files/2022-10/Kosovo%20Report%202022.pdf>

28 Kosova Democratic Institute (KDI). 2018. Tender Criteria: Their Impact on Competition. Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/wp-content/uploads/2019/07/55-Dosjet-e-Tenderit-SHSKUK-Final-03.pdf>

29 Chartered Institute of Procurement & Supply. (n.d.). Procurement and supply cycle. Retrieved from: <https://www.cips.org/intelligence-hub/procurement/procurement-supply-cycle>

30 European Union. 2014. Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement and Repealing Directive 2004/18/EC, Articles 42–44. Official Journal of the European Union, L 94, 28 March 2014, pp. 65–242. Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024>

Consequences

When technical specifications and qualification criteria are designed in a manner that favours particular products, brands, or economic operators, the procurement process loses its competitive character and limits the participation of other potentially qualified bidders. Consequently, genuine market competition is restricted, competitive pressure among bidders is reduced, and contracting authorities have fewer opportunities to secure the most economically advantageous tender. In many cases, this may result in higher prices, lower-quality goods, works, or services, and a less efficient use of public funds³¹.

Furthermore, discriminatory criteria create perceptions of unequal treatment and preferential treatment of certain economic operators, undermining both market confidence and public trust in the integrity of the public procurement system. The artificial restriction of competition discourages the participation of economic operators, particularly small and medium-sized enterprises (SMEs), and may contribute to the concentration of public contracts among a limited number of suppliers³². At the same time, it increases the likelihood of administrative complaints, legal disputes, and delays in the implementation of public projects, resulting in additional administrative costs³³.

Recommendations

- Strengthen the professional capacity of contracting authorities and standardise the methodology for drafting technical specifications and qualification criteria, in accordance with the principles of proportionality, equal treatment, and fair competition;
- Establish ex ante review mechanisms to identify potentially discriminatory qualification criteria and technical specifications, particularly in high-value procurements and high-risk sectors;

- Institutionalise preliminary market consultations as a standard practice for complex procurements to ensure realistic, proportionate, and competitive technical specifications;
- Require the publication of preliminary market consultations and the justification for specific qualification criteria in order to strengthen transparency and accountability;
- Strengthen the supervisory and advisory role of the Public Procurement Regulatory Commission (PPRC) in monitoring restrictive criteria and procurement practices that undermine competition;
- Develop mechanisms for the systematic monitoring and analysis of procurement procedures characterised by limited competition, with a view to identifying the factors affecting the participation of economic operators.

2.3 Excessive use of non-competitive procurement procedures

The problem

The use of negotiated procedures without prior publication and emergency procurement procedures continues to extend beyond their exceptional nature, which, under both Kosovo's public procurement legislation and European Union standards, should be limited to clearly justified exceptional circumstances³⁴. Although the legal framework establishes strict conditions for the use of these procedures, practice has shown that they are frequently applied in situations that could have been addressed through competitive procurement procedures³⁵. This is attributable not only to weaknesses in procurement planning, but also to the absence of effective mechanisms for accountability, monitoring, and sanctioning cases in which non-competitive procedures are used without sufficient justification³⁶. As a result, opportunities are created

31 Kosova Democratic Institute (KDI). 2018. Tender Criteria: Their Impact on Competition. Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/wp-content/uploads/2019/07/55-Dosjet-e-Tenderit-SHSKUK-Final-03.pdf>

32 OECD/SIGMA. (2016). Selecting Economic Operators (SIGMA Public Procurement Brief No. 7). Paris: OECD Publishing. Retrieved from, https://www.sigmaweb.org/en/publications/selecting-economic-operators_70ce5d7f-en.html

33 Kosova Democratic Institute (KDI). 2018. Tender Criteria: Their Impact on Competition. Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/wp-content/uploads/2019/07/55-Dosjet-e-Tenderit-SHSKUK-Final-03.pdf>

34 European Union. 2014. Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement and Repealing Directive 2004/18/EC, Articles 42–44. Official Journal of the European Union, L 94, 28 March 2014, pp. 65–242. Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024>

35 Betimi për Drejtësi. 2024. Tempus 103: The Phenomenon of Single-Source Contracts. March 18. Retrieved from: <https://betimiperdrejtesi.com/tempus-103-fenomeni-i-kontratave-njeburimore/>

36 European Commission. 2015. Public Procurement: Guidance for Practitioners on the Avoidance of the Most Common Errors in Projects Funded by the European Structural and Investment Funds. Luxembourg: Publications Office of the European Union. Retrieved from: https://ec.europa.eu/regional_policy/sources/guidance/guidance_public_proc_en.pdf

to circumvent competition, reduce transparency, and increase the risk of favouritism, conflicts of interest, and the inefficient use of public funds. Furthermore, the absence of individual and institutional accountability for decisions leading to the unjustified use of these procedures weakens the deterrent effect of the legal framework and undermines public and market confidence in the integrity of the public procurement system³⁷.

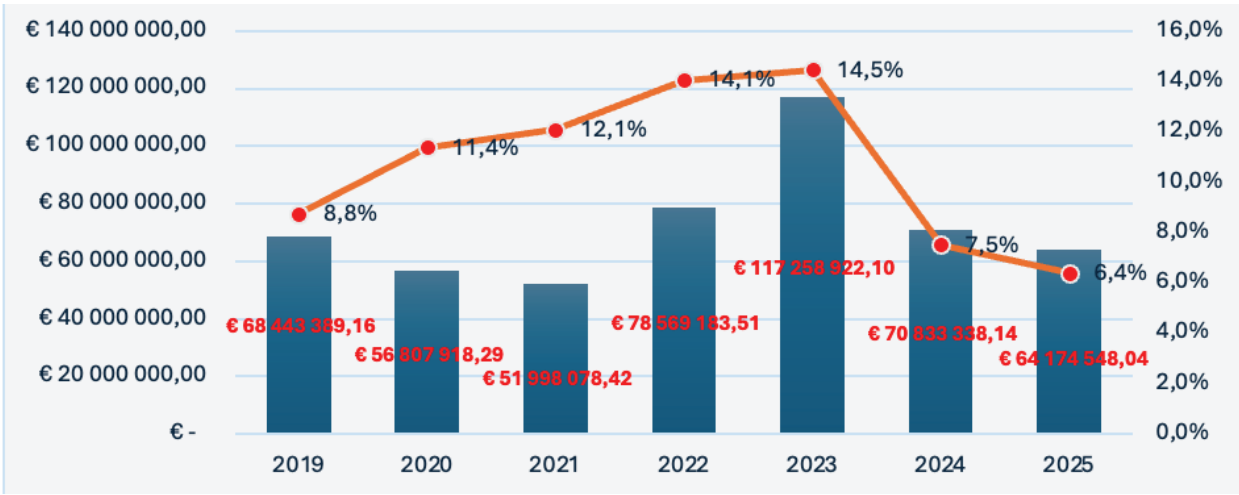
Consequences

The frequent use of non-competitive procurement procedures significantly reduces competitive pressure among economic operators and limits the ability of public institutions to obtain the most economically advantageous tender (MEAT) and achieve the best value for money. In the absence of open competition, contracting authorities have fewer opportunities to compare the alternatives available on the market, assess the reasonableness of prices, and benefit from the innovation and efficiency that competitive procurement typically generates. As a result, the risk increases that contracts will fail to reflect the most favourable market conditions and that public funds will not be used in the most efficient manner³⁸.

At the same time, non-competitive procurement procedures reduce the transparency of the procurement process and limit opportunities for scrutiny by economic operators, oversight institutions, civil society, and the public. This creates greater risks of favouritism, conflicts of interest, unequal treatment of economic operators, and the concentration of public contracts among a limited number of suppliers. Furthermore, the frequent use of these procedures may discourage economic operators from participating in the public procurement market, thereby weakening long-term competition and reducing private sector confidence in the fairness and predictability of the public procurement system³⁹.

At the institutional level, the unjustified use of non-competitive procedures weakens accountability mechanisms and reinforces public perceptions of insufficient transparency and integrity in the management of public funds. As a result, public and market confidence in the public procurement system may be undermined, negatively affecting the legitimacy of public decision-making and the effectiveness of public investment⁴⁰.

Figure 1. Value and Share of Non-Competitive Procurement Procedures (2019–2025)



37 Kosova Democratic Institute (KDI). 2022. Public Procurement during the COVID-19 Pandemic. Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/publikimet/prokurimi-publik-ne-kohe-pandemie>

38 Komisioni Evropian. (2015). *Public Procurement: Guidance for Practitioners on the Avoidance of the Most Common Errors in Projects Funded by the European Structural and Investment Funds*. Luxembourg: Publications Office of the European Union. Retrieved from, https://ec.europa.eu/regional_policy/sources/guidance/guidance_public_proc_en.pdf

39 Dukagjini. 2024. Metushi-Krasniqi Criticises Single-Source Tenders: "They Are Rigged and Unjustified." December 5. Retrieved from: <https://www.dukagjini.com/metushi-krasniqi-kritikon-tenderet-njeburimore-jane-te-kurdisur-dhe-pa-arsyetim/>

40 Metushi Krasniqi, Diana. 2024. When the Logic of Emergency Becomes the Standard of Governance and a Means of Personal Gain. Nacionale. Retrieved from: <https://nacionale.com/opinion/kur-logjika-emergjente-behet-standard-qeverisjeje-dhe-menyre-e-perfitimit>



Recommendations

- Strengthen the legal and procedural requirements governing the use of non-competitive procurement procedures, in line with the principle that such procedures should remain the exception rather than the standard method of public procurement;
- Require detailed and publicly available justifications for every decision to use a non-competitive procedure, including an assessment of the available competitive alternatives;
- Strengthen both ex ante and ex post review mechanisms for non-competitive procedures, with a particular focus on identifying cases of unjustified use;
- Develop a system for the periodic monitoring and reporting of the use of non-competitive procedures, disaggregated by sector, institution, and contract category;
- Establish clear institutional and individual accountability mechanisms for cases involving the unjustified use of non-competitive procedures;
- Integrate procurement risk indicators (red flags) to enable the early identification of cases with the potential for circumventing competition, favouritism, or conflicts of interest;
- Undertake periodic analyses of the underlying causes leading to the use of non-competitive procedures, with a view to improving procurement planning, market analysis, and overall procurement management.



- Develop mechanisms to identify and analyse markets characterised by limited competition, with particular attention to sectors with a low number of bidders and repeatedly failed procurement procedures;
- Require a mandatory analysis of single-bid procurement procedures and failed tenders, with a view to identifying the factors that limit competition;
- Develop measures to encourage the participation of small and medium-sized enterprises (SMEs) in public procurement by reducing unnecessary administrative and technical barriers;
- Use procurement and market data to develop evidence-based policies that promote effective competition, innovation, and greater value for money.

3.2 Limited use of data for decision-making and market management

The problem

The public procurement system generates substantial volumes of data on procurement planning, tendering procedures, contracts, economic operators, and procurement outcomes. However, these data are used primarily for administrative purposes, statistical reporting, and formal disclosure, while their potential to support analysis, evidence-based decision-making, and policy development remains largely untapped⁴⁵.

Despite the availability of procurement data, public institutions rarely undertake systematic analyses to identify market trends, sectors characterised by limited competition, contract concentration, the performance of contracting authorities, or the factors influencing the efficiency and outcomes of public procurement⁴⁶. In most cases, decision-making continues to rely primarily on

institutional experience and individual judgement, in the absence of structured mechanisms for the systematic use of evidence and performance indicators.⁴⁷

At the same time, there is a lack of standardised frameworks for measuring system performance and for using procurement data to support strategic planning, market management, and the evaluation of procurement reforms⁴⁸.

Consequences

The absence of the systematic use of procurement data limits the ability of public institutions to identify structural market challenges, improve procurement planning, and develop evidence-based public policies⁴⁹.

As a result, challenges such as limited competition, failed procurement procedures, contract concentration, low participation of economic operators, and poor contract performance are addressed primarily through reactive, case-by-case interventions rather than through systematic analysis and preventive measures.

Furthermore, the absence of standardised performance indicators limits the ability to measure the efficiency, effectiveness, and impact of the public procurement system, as well as to evaluate the outcomes of procurement reforms and policy interventions.

45 OECD. (2025). Implementing the OECD Recommendation on Public Procurement in OECD and Partner Countries: 2020–2024 Report. OECD Public Governance Reviews. Paris: OECD Publishing. Retrieved from, https://www.oecd.org/en/publications/implementing-the-oecd-recommendation-on-public-procurement-in-oecd-and-partner-countries_02a46a58-en.html

46 Open Contracting Partnership. (2021, 14 dhjetor). Setting up for success: Data and public oversight for more transparent public procurement in Kosovo. Retrieved from, <https://www.open-contracting.org/2021/12/14/setting-up-for-success-data-and-public-oversight-for-more-transparent-public-procurement-in-kosovo>

47 Clark, J., Marin, G., Ardic Alper, O. P., & Galicia Rabadan, G. A. (2025). *Digital Public Infrastructure and Development: A World Bank Group Approach* (Digital Transformation White Paper, Vol. 1). Washington, DC: World Bank Group. Retrieved from, <https://openknowledge.worldbank.org/entities/publication/cc2963e-27bf-4dbb-aa5a-24a0ffc92ed9>

48 Kosova Democratic Institute (KDI). 2023. Political Integrity: What Data Do We Have? Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/publikimet/integriteti-politik-cfare-te-dhenash-kemi/>

49 World Bank. (2022). *GovTech and Data-Driven Public Sector Transformation*. Washington, DC: World Bank Group. Retrieved from, <https://www.worldbank.org/en/programs/govtech>

Recommendations

- Develop a national framework for the strategic use of data in public procurement, with a focus on evidence-based decision-making, performance monitoring, and market management;
- Establish Key Performance Indicators (KPIs) to measure the efficiency, competitiveness, performance, and overall outcomes of the public procurement system;
- Develop analytical mechanisms to monitor competition, the participation of economic operators, contract concentration, and the performance of public procurement markets;
- Publish periodic analytical reports on the performance of the public procurement system, based on standardised indicators and trend analysis;
- Develop analytical dashboards and Business Intelligence (BI) tools to support institutional decision-making;
- Systematically use historical procurement data to strengthen procurement planning, market analysis, and the development of evidence-based public policies;
- Integrate advanced data analytics and Artificial Intelligence (AI) to identify patterns, anomalies, and trends affecting the performance of the public procurement system;
- Strengthen institutional capacity for data analytics, performance monitoring, and evidence-based decision-making.

3.3 Weaknesses of the complaints review system and the Procurement Review Body (PRB)

The problem

The complaints review mechanism is an essential component of the public procurement system, as it guarantees the legal protection of economic operators and contributes to the implementation of the principles of transparency, equal treatment, and fair competition⁵⁰. However, the current institutional model for legal protection in public procurement continues to face persistent challenges that affect the efficiency, consistency, and predictability of decision-making.

In practice, the Procurement Review Body (PRB) has evolved from an administrative complaints review mechanism into an institution with pronounced quasi-judicial characteristics⁵¹. Its decisions have a direct impact on the continuation, suspension, or cancellation of procurement procedures and, in many cases, determine the implementation of public investments of considerable financial value. Unlike judicial institutions, however, its functioning continues to depend on appointment and organisational arrangements that have periodically resulted in institutional paralysis, interruptions in institutional continuity, and challenges to the consistency of decision-making practice.

At the same time, the system relies predominantly on the review of complaints after procurement procedures have commenced⁵², while mechanisms for the early identification and correction of deficiencies at the level of contracting authorities remain relatively limited. As a result, a significant proportion of disputes that could have been resolved at earlier stages are ultimately transferred to the formal complaints review mechanism.

This situation has created a tension between two legitimate objectives of the public procurement system: ensuring effective legal protection for economic operators and securing the timely and efficient implementation of public investments.

50 European Union. 1989. Council Directive 89/665/EEC of 21 December 1989 on the Coordination of the Laws, Regulations and Administrative Provisions Relating to the Application of Review Procedures to the Award of Public Supply and Public Works Contracts. Official Journal of the European Communities, L 395, 30 December 1989, pp. 33–35. Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:31989L0665>

51 Procurement Review Body (PRB). 2020. Regulation No. 01/2020 on the Rules of Procedure of the Procurement Review Body. Pristina: Procurement Review Body. Adopted on February 26, 2020. Retrieved from: <https://oshp.rks-gov.net/sq/Pages/Details?id=6>

52 Republic of Kosovo. 2023. Law No. 08/L-182 on Administrative Conflicts. Official Gazette of the Republic of Kosovo. Retrieved from: <https://md.rks-gov.net/ligjet>

Consequences

The weaknesses of the current legal remedies system have a direct impact on the implementation of public investments and on the overall performance of the public procurement system. Delays in the review of complaints, the suspension of procurement procedures during the appeals process, and periods of institutional dysfunction may result in postponed capital investment projects, delays in the delivery of public services, and increased administrative costs for both public institutions and economic operators⁵³.

The lack of full consistency in decision-making practice creates legal uncertainty and makes the outcomes of complaints procedures less predictable, adversely affecting institutional planning and reducing the confidence of economic operators in the public procurement system⁵⁴.

More broadly, the excessive reliance on formal complaints mechanisms as the primary means of correcting procurement deficiencies reflects weaknesses in the earlier stages of the procurement cycle, including procurement planning, the preparation of tender documentation, and quality assurance of procurement procedures. As a result, the system continues to devote more resources to resolving disputes than to preventing them.

Furthermore, institutional instability⁵⁵ and the fragmentation between administrative and judicial review mechanisms may hinder the development of a consistent body of procurement case law, thereby affecting legal certainty, accountability, and the overall effectiveness of the legal remedies system⁵⁶.

Recommendations

- Strengthen administrative review mechanisms at the level of contracting authorities, in accordance with the principles of the Law on Administrative Conflicts, with a view to resolving disputes at an early stage and reducing the number of formal complaints;
- Fully digitalise the complaints review process and integrate it with the e-Procurement system, while standardising procedures, deadlines, and institutional practices for handling complaints in order to ensure faster, more consistent, and more effective review of complaints submitted by economic operators;
- Develop a consolidated database of procurement review decisions and case law to improve the consistency and predictability of decision-making, and establish mechanisms for the periodic monitoring of the performance of the complaints review system, including the duration of case handling, its impact on the implementation of public investments, and the quality of decision-making;
- Consider reforming the institutional model for legal protection in public procurement by assessing the possibility of transforming the functions of the Procurement Review Body (PRB) into a specialised chamber or department within the Administrative Court, with the aim of strengthening institutional independence, ensuring greater consistency in decision-making, enhancing institutional stability, and improving accountability;

53 Kosova Democratic Institute (KDI). 2022. Contracting Authorities Should Proceed with Procurement Activities Blocked by Complaints before the Procurement Review Body (PRB). Retrieved from: <https://kdi-kosova.org/aktivitetet/autoritetet-kontraktuese-te-procedojne-tutje-me-aktivitetet-e-prokurimit-te-cilat-jane-bllokuar-me-ankesa-ne-oshp/>

54 Front Online. 2023. Metushi (KDI) on the Failure to Appoint Members of the Procurement Review Body (PRB) Board: The Responsibility Lies Directly with the Government. June 13. Retrieved from: <https://frontonline.net/metushi-kdi-per-mos-zgjedhjen-e-anetareve-te-bordit-te-oshp-se-faji-i-bie-direkt-qeverise/>

55 Kosova Democratic Institute (KDI). 2022. Contracting Authorities Should Proceed with Procurement Activities Blocked by Complaints before the Procurement Review Body (PRB). Retrieved from: <https://kdi-kosova.org/aktivitetet/autoritetet-kontraktuese-te-procedojne-tutje-me-aktivitetet-e-prokurimit-te-cilat-jane-bllokuar-me-ankesa-ne-oshp/>

56 Kosova Democratic Institute (KDI). 2021. The "Ping-Pong" over the €5 Million Tender for the "Mother and Child" Hospital in Prizren. Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/wp-content/uploads/2021/06/38-Spitali-N%C3%ABna-dhe-f%C3%ABmiu-n%C3%AB-Prizren-ALB01.pdf>

4. CHALLENGES IN CONTRACT EVALUATION, AWARD, AND ADMINISTRATION

4.1 Contract Administration and Contract Management: From procedural compliance to value creation

The problem

The contract implementation phase is where the true value of public procurement is realised and where the objectives for which public funds have been committed are ultimately achieved. However, the current legal and institutional framework continues to approach contracts primarily from the perspective of contract administration, focusing on documentation, invoicing, timelines, and formal compliance with contractual terms and conditions⁵⁷.

Furthermore, the existing framework does not clearly distinguish between Contract Administration and Contract Management⁵⁸. While Contract Administration focuses on the procedural and administrative aspects of contract execution, Contract Management should ensure the effective coordination of implementation, risk management, performance monitoring, and the achievement of the intended contractual outcomes.

As a result, contracts are often assessed primarily on the basis of procedural compliance rather than the quality of outcomes, implementation performance, and the value delivered to public institutions and citizens.

Consequences

The absence of a structured approach to contract management limits the ability of public institutions to monitor implementation progress, identify problems during contract execution, and take timely corrective action. Consequently, the risk of delays, cost overruns, failure to achieve contractual objectives, and underperformance increases⁵⁹.

At the same time, the lack of clear mechanisms for measuring performance and outcomes limits the ability to assess whether contracts are delivering the expected value for money. As a result, public institutions often focus on managing the process itself, while the outcomes and broader impact of public contracts remain either unmeasured or insufficiently evaluated.

More broadly, these shortcomings weaken accountability for the results of public investment and limit the institutional capacity to capture lessons learned and improve the performance of future contracts⁶⁰.

57 Kosova Democratic Institute (KDI). 2017. Patchwork Investments: The Consequences of Poor Public Contract Management. Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/wp-content/uploads/2018/01/152-investimet-e-arnuara-7-11-2017-shq-32-fq.pdf>

58 Onit. (2024, 29 shtator). *Contract management vs. contract administration: What's the difference?* Onit. Retrieved from, <https://www.onit.com/blog/the-difference-between-contract-management-and-contract-administration/>

59 OECD/SIGMA. (2016). Contract Management (SIGMA Public Procurement Brief No. 22). Paris: OECD Publishing. Retrieved from, https://www.sigmaweb.org/en/publications/contract-management_8d956231-en.html

60 Kosova Democratic Institute (KDI). 2017. Patchwork Investments: The Consequences of Poor Public Contract Management. Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/wp-content/uploads/2018/01/152-investimet-e-arnuara-7-11-2017-shq-32-fq.pdf>

Recommendations

- Clearly define, in both the legal and institutional framework, the distinction between Contract Administration and Contract Management;
- Require the preparation of Contract Management Plans for complex, strategic, and high-value contracts;
- Strengthen the role, responsibilities, and professional capacity of Contract Managers throughout the entire contract implementation phase;
- Develop mechanisms for the systematic monitoring of contract implementation, risks, and performance;
- Gradually introduce Key Performance Indicators (KPIs) to measure contract quality, timeliness, costs, and performance outcomes;
- Fully digitalise contract administration and contract management processes as part of the transition towards an integrated Procure-to-Pay (P2P) model;
- Develop mechanisms for the ex post evaluation of contract outcomes and the systematic capture of lessons learned for application in future procurements;
- Reorient contract management towards delivering value for money and achieving procurement objectives, moving beyond the traditional emphasis on procedural compliance.

4.2 Contract Modifications and Addenda

The problem

KDI's analyses have consistently identified cases of contract modifications, contract extensions, and contract addenda that frequently stem from inadequate needs assessment, insufficient market analysis, deficient technical specifications, or ineffective contract management during the implementation phase. In many instances, additional requirements arising during contract implementation can be traced back to shortcomings that already existed during the procurement planning and tendering phases⁶¹.

Although Kosovo's public procurement legislation and the European Union *acquis* permit limited contract modifications under specific circumstances, contract addenda should remain the exception rather than a routine contract management practice⁶². In particular, contract modifications should be limited to the circumstances expressly provided for by law and should not be used to introduce additional works, goods, or services that were not included within the original scope of the procurement⁶³.

An additional concern relates to the reporting and classification of contract addenda within the public procurement system. At present, most contract addenda are reported as negotiated procedures without prior publication, despite the fact that they represent modifications to existing contracts rather than new procurement procedures⁶⁴. This approach creates methodological inconsistencies and may distort the analysis of the actual use of non-competitive procurement procedures within the public procurement system.

Consequences

The frequent use of contract addenda increases contract costs and may result in significant deviations from the scope, quantities, and contract values established

61 Kosova Democratic Institute (KDI). 2021. Monitoring Municipal Expenditures through Public Procurement in the Municipalities of Prizren, Suhareka, Ferizaj, Lipjan, Podujeva, and Istog. Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/wp-content/uploads/2021/01/2021-01-29-USAID-TEAM-KDI-Monitorimi-i-shpenzimeve.pdf>

62 European Union. 2014. Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement and Repealing Directive 2004/18/EC, Article 72 on Modification of Contracts during Their Term. Official Journal of the European Union, L 94, 28 March 2014, pp. 65–242. Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0024>

63 European Commission. 2018. Public Procurement: Guidance for Practitioners on the Avoidance of the Most Common Errors in Projects Funded by the European Structural and Investment Funds. Luxembourg: Publications Office of the European Union. Retrieved from: https://ec.europa.eu/regional_policy/en/information/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018

64 Kosova Democratic Institute (KDI). 2025. Integrity Watch Kosova: An Open Data Platform for Political Finance, Public Procurement, and Asset Declarations. Retrieved from: <https://integritywatchkosova.org>

during the original procurement process. When contract modifications become routine rather than exceptional, they may undermine the competition on which the original contract award was based and create perceptions of favouritism or preferential treatment of particular economic operators.

Furthermore, the absence of systematic monitoring of the factors leading to contract modifications limits the ability of public institutions to identify weaknesses in procurement planning, project design, and contract management. As a result, the same shortcomings may be repeated from one project to another, increasing costs and reducing the efficiency of public investment.

At the same time, the misclassification of contract addenda as negotiated procedures without prior publication adversely affects the transparency and quality of public procurement data. This may create an inaccurate picture of the actual use of non-competitive procurement procedures and hinder the monitoring of trends, the comparability of procurement data, and the assessment of overall system performance.

Recommendations

- Fully align the legal framework governing contract modifications with Directive 2014/24/EU and established European Union practice;
- Clearly define the conditions, limitations, and procedures governing contract modifications and contract addenda, while preserving competition and the original scope of the contract;
- Require the mandatory and standardised publication of all contract modifications, contract addenda, and their supporting justifications;
- Develop mechanisms for the systematic monitoring of contract modifications and their impact on contract costs, implementation timelines, and contract performance;
- Integrate procurement risk indicators (red flags) to identify contracts characterised by frequent modifications, repeated contract extensions, or significant increases in the original contract value;
- Conduct periodic ex post analyses of the underlying causes of contract modifications, with a view to

improving procurement planning, market analysis, and contract management;

- Review the methodology for reporting and classifying contract addenda to ensure a more accurate representation of the use of non-competitive procurement procedures and overall system performance;
- Strengthen accountability mechanisms in cases where contract modifications result from inadequate procurement planning, deficient technical specifications, or ineffective contract management.

4.3 Lack of Strategic Supplier Relationship and Contract Performance Management (Supplier Relationship Management – SRM)

The problem

The current public procurement system focuses primarily on the selection of economic operators and the execution of individual contracts, while the long-term strategic management of supplier relationships remains largely underdeveloped⁶⁵. In practice, each contract is treated as a standalone transaction, with no structured mechanisms for monitoring and evaluating supplier performance across multiple contracts and across different public institutions.

Although a significant number of economic operators are repeatedly awarded contracts by different public institutions, the system lacks consolidated mechanisms for recording, analysing, and sharing information on supplier performance, contract history, compliance with delivery schedules, quality of contract execution, and fulfilment of contractual obligations.

At the same time, there are no clear policies for identifying strategic suppliers, managing long-term supplier relationships, monitoring supply chain risks, or reducing dependency on specific economic operators. As a result, suppliers are managed primarily at the level of individual contracts rather than as participants in a market that should be managed and developed strategically⁶⁶.

65 Kosova Democratic Institute (KDI). 2021. Monitoring Municipal Expenditures through Public Procurement in the Municipalities of Prizren, Suhareka, Ferizaj, Lipjan, Podujeva, and Istog. Pristina: Kosova Democratic Institute (KDI). Retrieved from: <https://kdi-kosova.org/wp-content/uploads/2021/01/2021-01-29-USAID-TEAM-KDI-Monitorimi-i-shpenzimeve.pdf>

66 Chartered Institute of Procurement & Supply (CIPS). n.d. Supplier Relationship Management (SRM). Retrieved from: <http://cips.org/intelligence-hub/supplier-relationship-management>

Consequences

The absence of a strategic approach to supplier management limits the ability of public institutions to learn from past experience and to use historical supplier performance as an input for future procurement planning and decision-making.

As a result, economic operators with poor performance records may continue to be awarded public contracts without public institutions having a comprehensive view of their past performance. At the same time, contracting authorities lose the opportunity to identify and develop stronger relationships with suppliers that consistently demonstrate high performance, reliability, and sustainable delivery capacity⁶⁷.

The lack of consolidated supplier information also limits the ability of public institutions to identify risks related to market concentration, dependency on specific economic operators, and potential vulnerabilities within the supply chain. Furthermore, delayed payments and the lack of financial predictability may negatively affect supplier performance, particularly that of small and medium-sized enterprises (SMEs), thereby reducing their willingness to participate in public procurement⁶⁸.

Recommendations

- Develop a national framework for Supplier Relationship Management (SRM) within the public sector;
- Establish a centralised system for recording, monitoring, and analysing the performance of economic operators, based on contract history, quality of contract execution, compliance with delivery schedules, and fulfilment of contractual obligations;
- Introduce standardised Supplier Scorecards for evaluating supplier performance throughout the contract lifecycle;
- Develop shared databases and inter-institutional information-sharing mechanisms on the performance of economic operators;
- Identify and categorise strategic suppliers and establish mechanisms for monitoring supply chain risks;
- Develop mechanisms to identify and manage supplier dependency risks, with a view to strengthening market resilience and competition;
- Promote Prompt Payment policies to improve supplier performance and encourage greater participation of small and medium-sized enterprises (SMEs) in public procurement;
- Assess the introduction of Prompt Payment Discounts where these generate cost savings and additional value for public institutions;
- Systematically use supplier performance data in procurement planning, market analysis, and the management of future contracts.

⁶⁷ OECD. 2025. Implementing the OECD Recommendation on Public Procurement in OECD and Partner Countries: 2020–2024 Report. OECD Public Governance Reviews. Paris: OECD Publishing. Retrieved from: https://www.oecd.org/en/publications/implementing-the-oecd-recommendation-on-public-procurement-in-oecd-and-partner-countries_02a46a58-en.html

⁶⁸ European Commission. 2023. Proposal for a Regulation on Combating Late Payment in Commercial Transactions (COM(2023) 533 final). Brussels: European Commission. Retrieved from: https://single-market-economy.ec.europa.eu/publications/proposal-regulation-combating-late-payment-commercial-transactions_en

5. CONCLUSIONS

Kosovo's public procurement system has made significant progress in strengthening its legal framework, digitalising procurement procedures, and improving transparency. However, this analysis demonstrates that the system's principal challenges no longer lie in the absence of legal rules or the publication of information, but rather in the capacity of public institutions to effectively plan, manage, and monitor the entire public procurement lifecycle.

Despite the progress achieved in recent years, the system continues to be characterised by fragmentation across the procurement planning, tendering, contract management, and payment phases, as well as by the limited use of data to support decision-making, performance monitoring, and risk management. As a result, a substantial share of public procurement's potential to generate economic and social value remains untapped.

The analysis highlights the need for a deeper and more comprehensive reform than traditional legislative amendments alone can provide. Such a reform should be built upon six strategic pillars: modernising the legal framework, strengthening institutional capacity, developing an integrated Procure-to-Pay (P2P) system, establishing modern integrity and risk management mechanisms, reorienting the system towards performance and results, and gradually integrating the principles of sustainable, green, and innovative procurement.

At the same time, one of the most significant transformations in public procurement across the European Union over the past decade has been the shift from the traditional concept of purchasing goods and services towards the strategic use of public procurement as an instrument for achieving broader economic, social, environmental, and innovation objectives. In this context, the future reform of Kosovo's public procurement system should seek to transform the current model, from one primarily focused on procedural compliance and the initial contract price, into a system that promotes sustainable development, the green transition, innovation, and the creation of long-term value for society.

To support this transformation, public institutions should progressively integrate Green Public Procurement (GPP) and Sustainable Public Procurement (SPP) criteria into procurement planning, tender evaluation, and contract management processes⁶⁹. Particular attention should be given to the application of the Life-Cycle Costing (LCC)⁷⁰ methodology, which enables the assessment of the total cost of a product, work, or service throughout its entire lifecycle, including operating costs, maintenance, energy consumption, environmental impacts, and end-of-life disposal⁷¹.

"Without structural reform, digitalisation risks merely automating existing weaknesses rather than improving public procurement performance."

— Conclusion

⁶⁹ European Commission. (2016). Buying Green! A Handbook on Green Public Procurement (3rd ed.). Luxembourg: Publications Office of the European Union. Retrieved from: <https://op.europa.eu/en/publication-detail/-/publication/8c2da441-f63c-11e5-8529-01aa75ed71a1/language-en/format-PDF/source-287889172>

⁷⁰ European Union. 2014. Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement and Repealing Directive 2004/18/EC, Article 68 on Life-Cycle Costing (LCC). Official Journal of the European Union, L 94, 28 March 2014, pp. 65–242. Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0024>

⁷¹ European Commission. 2016. Buying Green! A Handbook on Green Public Procurement. 3rd ed. Luxembourg: Publications Office of the European Union. Retrieved from: <https://op.europa.eu/en/publication-detail/-/publication/8c2da441-f63c-11e5-8529-01aa75ed71a1/language-en/format-PDF/source-287889172>

At the same time, the system should create greater opportunities for promoting innovative solutions, emerging technologies, and advanced contracting models that encourage higher efficiency, improved performance, and more sustainable outcomes⁷². Rather than limiting public procurement to the acquisition of existing market solutions, it should be used as a strategic instrument to stimulate innovation, foster private sector development, and enhance the competitiveness of the economy⁷³.

Similarly, the future legal framework should facilitate the gradual integration of social procurement criteria by promoting the inclusion of vulnerable groups, equal opportunities, skills development, labour standards, and the social responsibility of economic operators. Such an approach would enable the public sector to make more effective use of its purchasing power in pursuing broader public policy objectives⁷⁴.

To enable this transformation, Kosovo should develop a comprehensive national framework for Sustainable, Green, and Innovative Public Procurement, including policy guidance, technical standards, catalogues of sustainable products and services, professional training programmes, and performance monitoring mechanisms⁷⁵. At the same time, the system should be progressively aligned with the European Union's priorities relating to the circular economy⁷⁶, energy efficiency, decarbonisation, and the green transition⁷⁷.

In this context, public procurement must evolve from a function primarily concerned with ensuring the procedural correctness of procurement processes into a strategic instrument of public governance capable of supporting economic development, innovation, environmental sustainability, and the delivery of higher-quality public services.

Ultimately, Kosovo's principal challenge is no longer to build a public procurement system that guarantees legality and transparency alone, but to establish one that delivers better outcomes from public expenditure. Only through an integrated, performance-oriented approach grounded in accountability and public value can Kosovo develop a procurement system that strengthens public trust, promotes fair competition, and contributes to the country's long-term sustainable development.

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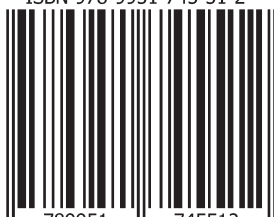
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