



# CONFIDENTIAL PROCUREMENT IN MONTENEGRO: FAR FROM PUBLIC'S CONTROL



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## SUMMARY:

The subject of this analysis is security and defence procurement - confidential procurement. Key findings indicate that spending of public money on confidential procurement in Montenegro goes far beyond the eyes of the public and that even the basic information on these procedures, such as the documents based on which they are carried out, are often not publicly available.

Confidential procurement involves purchasing of goods, works, and services, such as weapons, ammunition, and other special equipment used for protecting the security of the state and its citizens. However, apart from being confidential, these procurements are also public. This is true primarily because they are procured using public money, i.e. the money of citizens, but also because concluding procurement contracts between the state, i.e. public authorities, and the companies which produce this type of goods, services, and works are public, state affair. Therefore, the nature of confidential procurement is somewhere between public and confidential - the public needs to know how this money is spent and whether it is well managed, but there is also the need to protect sensitive information about these procedures that could potentially jeopardize the security of the state and its citizens.

Despite frequent amendments to the rules governing this area, it is still insufficiently regulated and far from being in compliance with the EU regulations. The key shortcoming lies in the fact that these legislative solutions make the conceptual difference between the notions of "confidential procurement" and "security and defence procurement", which also negatively affects the regulation in this area. The first is stipulated as an exception to the implementation of the law, without explanation on the basis of which law will they be implemented, while the second is regulated under the Law on Public Procurement, although insufficiently. The legislation currently in force regulates this area too succinctly. Namely, the Law on Public Procurement dedicated only two articles to this topic while the envisaged bylaws are not yet adopted, although the deadline for their adoption has passed.

Due to insufficient regulation of this area, the contracting authorities claim that they do not conduct confidential procurement as of May 2015. Despite this, expenditure for confidential procurement still exists, allegedly, on the basis of payment of obligations from previously concluded contracts. This spending for the Ministry of Interior (MoI) and the National Security Agency (NSA) amounts to almost eight million EUR for the past five years, while the Ministry of Defence refuses to provide data on its expenditure on confidential procurement.

Reports of the State Audit Institution (SAI) are a rare testimony of the manner in which contracting authorities conduct confidential procurement procedures and show that reduced transparency characteristic for these procedures is being misused. Namely, MoI, Ministry of Defence, and the NSA used these procedures to procure goods, services, and works whose purpose and essence is not the safety of the state and its citizens, such as car tires, air tickets, computer equipment, and official vehicles.

In order to improve efficiency and control in this area of public spending, it is primarily necessary to equate the notions of "confidential procurement" and "security and defence procurement" under the Law on Public Procurement. Additionally, it is necessary to precisely define the notion of "security and defence procurement" under the same law and to regulate in detail the procedures which can be applied, the method of collecting and evaluating bids, planning and reporting, and protecting the rights of bidders. The legal framework should ensure compliance with the general principles of competitiveness, equal treatment of all participants in the process, and non-discrimination, as prescribed under the European Union directives regulating this area.

## WHAT IS CONFIDENTIAL PROCUREMENT?

Security and defence procurement is the process through which authorities in the field of security and defence acquire various goods, services or works they need in order to perform their duties.<sup>1</sup>

Part of these procurements is carried out through public, transparent and mainly competitive procedures, and records kept on these procedures are generally accessible to the public. This includes, for instance, acquiring office stationery, equipment, and official vehicles, services of translation, and conducting public opinion surveys, as well as works such as furnishing premises which security and defence contracting authorities use for their work.

On the other hand, procuring goods, works, and services used exclusively for the national security and defence purposes are less transparent. The data and documents on these procedures are protected with different labels of data protection under special rules and regulations by the contracting authorities. These procedures include all items procured with the sole purpose of protecting security and defence of the state and its citizens, such as weapons, ammunition, military equipment, combat aircraft, etc, as well as services of maintenance of this equipment.

SIGMA defines security and defence procurement in a wide and in a narrow sense. The difference between these definitions reflects the fact that some procurement activity in the field of defence is more closely linked with the core of what could be termed as national defence and national security (i.e. in the narrow sense), whereas other procurement activity in the same sector is, in principle, less sensitive (procurement of non-military equipment and services)<sup>2</sup>.

The problem occurs when contracting authorities do not differentiate these two types of procurement activity and purchase goods, works, and services whose primary purpose and essence is not national security by non-transparent procedures and through application of “looser” legislation and wider than usual margin of discretion for contracting authorities, otherwise characteristic for confidential procurement.

The narrow legal framework, reduced transparency and data availability, as well as wider than usual margin of discretion for contracting authorities easily become a fertile ground for corruption and inefficient use of public resources. This is why this analysis focuses on defence and security procurement whose primary purpose and essence is national security (SIGMA: security and defence procurement in the narrow sense).

The second issue of concern is the existence of three different notions, i.e. “public procurement”, “security and defence procurement”, and “confidential procurement” in the Montenegrin legal framework. The last two notions are synonyms. It is clear that acquiring office stationery, for instance, is a public procurement for both Ministry of Defence and Ministry of Public Administration alike. The problem occurs when the Montenegrin legislation differentiates between the notions of “security and defence procurement” and “confidential procurement”. The procedures for the first one are stipulated under the law while the second one is treated as an exception to the application of the law, without specifying under which rules and

<sup>1</sup> / Public Procurement Brief 23, Defence Procurement, SIGMA, September 2016, available at: <http://www.sigmaxweb.org/publications/Public-Procurement-Policy-Brief-23-200117.pdf>

<sup>2</sup> / Ibid.

regulations it will be applied. This creates confusion in practice, as well, since contracting authorities claim to carry out one and not the other, although this is the same procurement.



The research focuses on the three contracting authorities in the field of security and defence - Ministry of Defence, Ministry of the Interior and the National Security Agency. It encompasses the period from 2013 to 2017. The first part of the analysis deals with the problem of defining these notions in the legislation in force during the reporting period, with the problems that occurred in practice due to unclear definitions, as well as with the irregularities identified by the State Audit Institution. The second part of the analysis provides an overview of the legislative solutions which were in force during the reporting period, while the third part deals with the system of planning and reporting on confidential procurement, as one of the key mechanisms for establishing control in this area. The last part of the analysis offers conclusions and recommendations for better regulation of this area.

## “TERMINOLOGICAL MESS” – THREE NOTIONS FOR THE SAME PROCUREMENT

*During the reporting period, there were three different legislative solutions in force, each distinguishing between the notions of “confidential procurement” and “security and defence procurement” and regulating them differently, although these were the same type of procurement.*

Differentiating between the notions of “confidential procurement” and “security and defence procurement” began with the Law on Public Procurement from 2011. This Law prescribed confidential procurement and procurement of weapons, ammunition and other materials necessary for the defence and security of Montenegro as exemptions to the law in two different legislative items, as if they were different types of procurement<sup>3</sup>. These procurement procedures were carried out on the basis of the Decree on the Foreign Trade in Special Purpose Equipment<sup>4</sup>. With the entry into force of amendments to the Law on Public Procurement in May 2015, the Decree ceased to be in effect.

Under this Decree special purpose equipment is defined as “transportation means, armament, combat equipment, and equipment used for the defence and security of Montenegro, as well as other movable and immovable property intended for the purpose of defence and security” and are confidential<sup>5</sup>. The Decree also defined movable<sup>6</sup> and immovable<sup>7</sup> special purpose equipment and stipulated users of this equipment<sup>8</sup>. In defining movable special purpose equipment, the Decree relied on the National Control List of Weapons and

### **SPECIAL PURPOSE EQUIPMENT:**

**Transportation means, armament, combat equipment, and equipment used for the defence and security of Montenegro, as well as other movable and immovable property intended for the purpose of defence and security.**

<sup>3</sup> / Article 3, Paragraph 1, Items 4 and 5 of the Law on Public Procurement (“Official Gazette of Montenegro”, no. 042/11 as of 15 August 2011).

<sup>4</sup> / “Official Gazette of Montenegro”, no. 066/10 as of 19 November 2010.

<sup>5</sup> / Article 2, Paragraph 1, Item 2 of the Decree.

<sup>6</sup> / “Weapons and military equipment and dual-use items, determined by the Decision on establishing the National Control List of Weapons and Military Equipment and the Decision on establishing the National Control List of Dual-Use Items;

- non-combat vehicles manufactured according to the special military requirements or intended for the execution of combat tasks, for combat support, and training for the execution of combat tasks;

- equipment determined under the regulations governing the work of the security services of Montenegro, used for monitoring and surveillance of persons, ie documentation, supervision of postal items and other means of communication, as well as information systems, telecommunication means, data transmission systems, equipment used in performing operational and functional tasks and means for protecting information from outflows with technical channels; and - tools, accessories, devices, parts and assemblies for the maintenance of moving objects of special purpose.” Article 2, Paragraph 1, Item 3 of the Decree on the Foreign Trade in Special Purpose Equipment.

<sup>7</sup> / “Immovable items of special purpose are: land; buildings (official, business and other buildings); official premises; warehouses and garages; prefabricated, mobile, temporary and other construction objects; underground and above ground facilities with associated infrastructure; other immobile things that are located within the range of users and that are used for activities that have a security or confidential character”, Article 2, Paragraph 1, Item 4 of the Decree on the Foreign Trade in Special Purpose Equipment.

<sup>8</sup> / The state administration body responsible for defence affairs, the state administration body responsible for internal affairs and public administration, the Customs Administration, the National Security Agency, the Directorate for Protection of Classified Information, the Police Directorate, the Institute for Execution of Criminal Sanctions and the Police Academy. Article 2, Paragraph 1, Item 5 of the Decree on the Foreign Trade in Special Purpose Equipment.

Military Equipment and the National Control List of Dual-Use Items which prescribed in detail weapons, equipment, ammunition, etc. in the field of security and defence which subsequent legislation failed to do.

The legislative solution which came into force in May 2015 continued to differentiate between confidential procurement and security and defence procurement. Confidential procurement remained an exemption to the application of the Law on Public Procurement. However, the Law did not provide the definition of confidential procurement nor stipulated under which regulations will they be carried out, thus opening up a potential for discretion, non-transparency and, finally, abuse<sup>9</sup>. On the other hand, security and defence procurement is regulated under special chapter within the Law on Public Procurement. The definition was transposed from the EU Directive 2009/81<sup>10</sup> and points to what is, in practice, referred to as confidential procurement. The Law stipulates that it shall be applied for the procurement of **military equipment and security sensitive equipment**, including all its parts, components and/or subassemblies thereof, supplies, services and works directly connected to the equipment referred above, services and works exclusively for military purposes, as well as security sensitive services, and security sensitive works<sup>11</sup>.

According to the EU Directive, security and defence procurement is characterised by a lower degree of transparency when compared to general public procurement and therefore can be considered confidential. It is thus unclear what the legislator has foreseen as confidential procurement that is exempted

#### SECURITY AND DEFENCE PROCUREMENT

**Procurement of military equipment and security sensitive equipment, including all its parts, components and/or subassemblies thereof, supplies, services and works directly connected to the equipment referred above, services and works exclusively for military purposes, as well as security sensitive services, and security sensitive works.**

#### CONFIDENTIAL PROCUREMENT

**Prescribed as an exemption from the application of the Law on Public Procurement, without defining what it is and under which regulations will it be carried out.**

from the application of the Law or on what legal basis confidential procurement would be implemented. This is particularly problematic considering that the Law stipulates for the exemptions from its application in the section security and defence as well<sup>12</sup>.

Although the Law on Public Procurement was amended in 2017, there was no improvement with regard to the definitions of

<sup>9</sup> / "Provisions of this Law shall not apply to: 4) confidential procurement, in accordance with the Law", Article 3, Paragraph 1, Item 4 of the Law on Public Procurement ("Official Gazette of Montenegro", no. 028/15 as of 03 June 2015)

<sup>10</sup> / Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, available at: <http://www.ujn.gov.me/category/direktive/>

<sup>11</sup> / Article 116a

<sup>12</sup> / "This Law shall not apply to the following: 1) procurements governed by special procurement regulations in accordance with an international agreement or arrangement concluded between Montenegro and one or more countries; 2) procurements governed by special procurement regulations in accordance with an international agreement or arrangement relating to the stationing of troops and applying to business organizations in Montenegro, EU Member State or other country; 3) procurements which must be awarded by Montenegro under specific regulations of an international organisation; 4) procurements where the application of provisions of this Law would impose an obligation on Montenegro to provide information the disclosure of which is contrary to the vital interests of its security; 5) procurements for the purpose of intelligence activities; 6) procurements within cooperation programmes between Montenegro and at least one EU Member State which are based on research and development, for the purpose of development of a new product and, where applicable, for later stages of all or part of the lifecycle of such product; 7) procurements awarded in a third country, including those for civil purposes, carried out when forces are deployed outside the territory of the European Union where operational needs require such contracts to be concluded with the bidders located in the area of operations." Article 116b of the Law on Public Procurement, Official Gazette of Montenegro, no. 028/15 as of 03 June 2015.

notions. Amendments to the Law retained exactly the same solution in terms of defining security and defence procurement. Confidential procurement remained as an exemption from the application of the Law, without providing their definition or legal grounds for their implementation.

## NO NEW CONFIDENTIAL PROCUREMENT CONTRACTS, BUT STILL PAYING FOR THE OLD ONES

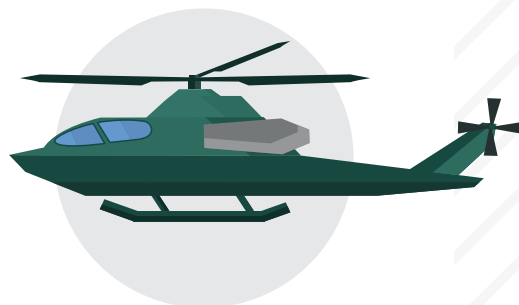
*Using two different notions for the same procurement creates confusion with the contracting authorities. The Ministry of Defence and the Ministry of the Interior claim that following May 2015, when the Decree on the Foreign Trade in Special Purpose Equipment was repealed, they did not carry out confidential procurement as there was no legislation to regulate it although security and defence procurement was regulated by the law.*

The Ministry of Interior and Ministry of Defence claim that following May 2015 new confidential procurement contracts were not concluded, but that there is still expenditure for confidential procurement under the contracts concluded while the Decree on the Foreign Trade in Special Purpose Equipment was in force<sup>13</sup>.

Even after three months, the Ministry of Defence did not respond to our request for free access to information on the expenditure for confidential procurement during the past five years. We only gained access to the information on the expenditure for 2017 which they claim to have arisen due to the payment of obligations under previously concluded contracts and which amounts to 893 972,96 EUR<sup>14</sup>.

Although the Ministry of Defence claims that it has not carried out confidential procurement since May 2015, SAI states otherwise. According to the SAI report, Ministry of Defence carried out two procurement procedures of safety-sensitive equipment in 2016, specifically for military purposes. However, the state auditor could not determine on the basis of which legislation this procurement was carried out and concluded. The auditor could not determine how the procedure and reporting on the procurement in question is underway, as there is no legislation which regulates it<sup>15</sup>.

SAI also found that the Ministry of Defence carried out confidential procurement of goods and services which do not have the character of special purpose equipment in 2013. Namely, the Ministry of Defence procured air transport services for the members of the Ministry using confidential procedures, although it could do so only for the members of the Armed Forces according to the Decree on the Foreign Trade in Special Purpose Equipment. Additionally, during the same year, this Ministry concluded confidential



**13** / Decision of the Ministry of Defence on IA's request for free access to information, no. UPI-813-30/18-5 as of 22 February 2018 and the information from the meeting held with MoI representatives on 23 February 2018.

**14** / Decision of the Ministry of Defence on IA's request for free access to information, no. UPI-813-30/18-5 as of 22 February 2018

**15** / Audit Report - Management and Disposal of Assets Used by the Ministry of Defence, State Audit Institution, June 2017, available at: [http://www.dri.co.me/1/index.php?option=com\\_content&view=article&id=98&Itemid=130&lang=en](http://www.dri.co.me/1/index.php?option=com_content&view=article&id=98&Itemid=130&lang=en)



procurement contracts for services of transportation for members of the Armed Forces of Montenegro on city and intercity routes despite procurement of transportation services not being in line with the Decree<sup>16</sup>.

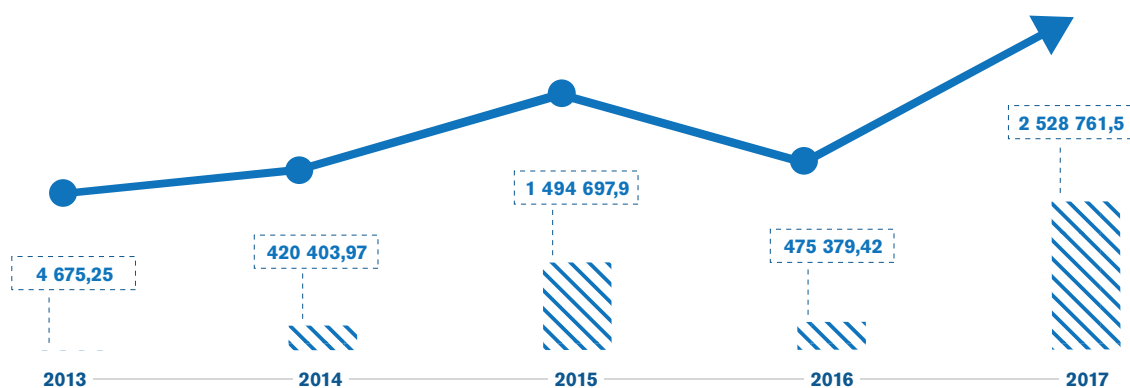
Mol submitted their expenditure for confidential procurement for the five-year period<sup>17</sup>, noting that the expenditure from 2015 onwards relates to the payment of obligations arising from previously concluded contracts.

**Table 1: Mol expenditure for confidential procurement in the period 2013-2017**

Year	2013	2014	2015	2016	2017
Expenditure (in €)	4 675.25	420 403.97	1 494 697.9	475 379.42	2 528 761.5

The Ministry of Interior carried out confidential procurement on the basis of the confidentiality exemption to the Law on Public Procurement from 2011 and the Law on Data Confidentiality. They claim that the last confidential procurement contract was concluded on 25 December 2015 and that it referred to the procedure for carrying out works on the third floor of the Main Building of the Ministry of Interior, at the request of the Criminal Police Department<sup>18</sup>.

During the audit of Mol for 2014, SAI found that the Ministry used confidential procurement procedures to acquire car tires and passenger vans which are not defined as special purpose equipment. During this year, Mol carried out 20 confidential procurement procedures for purchasing goods, services and works amounting to a total of 1.596.985,46 EUR. In 13 of those cases, procurement was carried out on the basis of a single received bid<sup>19</sup>.



Mol expenditure for confidential procurement per year

<sup>16</sup> / Audit Report on Internal Financial Control System and Public Procurement System of the Ministry of Defence, State Audit Institution, December 2014, available at: [http://www.dri.co.me/1/index.php?option=com\\_content&view=article&id=98&Itemid=130&lang=en](http://www.dri.co.me/1/index.php?option=com_content&view=article&id=98&Itemid=130&lang=en)

<sup>17</sup> / Decision of Ministry of Interior on IA's request for free access to information, no. UPI – 007/18-6262/3.

<sup>18</sup> / They also claim that the Decision to initiate the procedure was adopted in the period prior to 1 May 2015 and that the procedure for selecting the most favourable bid was a multi-month procedure agreed with the bidder "NT project" LLC Podgorica. Mol's response to the Minutes of the meeting held on 23 February 2018.

<sup>19</sup> / Audit Report of the Ministry of Interior for 2014, State Audit Institution, October 2015, available at: [http://www.dri.co.me/1/index.php?option=com\\_content&view=article&id=98&Itemid=130&lang=en](http://www.dri.co.me/1/index.php?option=com_content&view=article&id=98&Itemid=130&lang=en)

## LESS IS MORE - CONTRACTING AUTHORITIES DO NOT LIKE REGULATIONS

*All three legislative solutions implemented during the reporting period are characterised by a low level of compliance with the EU regulations governing this area, in particular with the Directive regulating procurement in the field of security and defence. It is interesting that the contracting authorities have carried out this procurement in a greater extent when it was prescribed as an exemption from the application of the Law on Public Procurement and regulated at the level of the bylaw. Ever since this procurement became included in the Law on Public Procurement, and in line with the EU regulation, contracting authorities claim not to have carried it out. The legislation currently in force devoted only two articles to security and defence procurement while the bylaws envisaged by the law have not been adopted, although the deadline for their adoption has passed.*

Legislative solutions from May 2015 are to a greater extent aligned with the European Union legislation in this area when compared to the previous ones and particularly when compared to the latest solutions from June 2017.

Besides defining defence and security procurement and listing the exemptions from its application, the Law stipulated that this procurement may be concluded by applying restricted or negotiated procurement

*The only legislative act prescribing criteria and sub-criteria for evaluating bids was the Decree on the Foreign Trade in Special Purpose Equipment. As the basic criteria, the Decree envisaged the quality and price, while the sub-criteria envisaged were functionality, delivery time, maintenance costs, post-sale service and technical assistance, warranty period, value and quality of the warranty, obligations in terms of spare parts supply, and post-warranty maintenance.*

procedure with or without prior announcement of the public tender<sup>20</sup>. The Law prescribed the manner in which the procurement data is protected, how to ensure the safety of goods, as well as the obligations of contractors and subcontractors. However, it failed to envisage the system of planning and reporting on the procurement procedures, mechanisms for protection of the rights of bidders, the method of collecting the bids and criteria for bid evaluation.

In the SIGMA report for 2017 on compliance with the European Principles of Public Administration<sup>21</sup>, Montenegro received a score of three for the

harmonization with the EU legislation, in part due to insufficiently regulated security and defence procurement. Among other things, SIGMA states that the legislative solutions from 2015 improved the level of harmonization with the EU legislation, especially in the area of security and defence. However, with the latest amendments to the Law on Public Procurement from June 2017 the level of harmonisation with the EU Directives and the Treaty on the Functioning of the European Union has been reduced<sup>22</sup>.

<sup>20</sup> / Article 116c of the Law on Public Procurement (Official Gazette of Montenegro, no. 057/14 as of 26 December 2014 and no. 028/15 as of 03 June 2015).

<sup>21</sup> / Monitoring Report: The Principles of Public Administration Montenegro, SIGMA, November 2017, available at: <http://www.sigmaweb.org/publications/Monitoring-Report-2017-Montenegro.pdf>

<sup>22</sup> / SIGMA report states that "defence procurement is no longer regulated by the PPL; instead, the PPL requires the Government to adopt special procedures for defence-related procurement before the end of 2017. Defence-related contracts below EUR 20 000 for goods and services and EUR 40 000 for works are completely exempted from the PPL, without any obligation so far to follow the basic principles set out in the Treaty on the Functioning of the EU."

With the latest amendments to the Law on Public Procurement from June 2017, the already poor legal framework governing security and defence procurement was reduced to two articles in the Law, one legislative act of the Government, and internal acts of the contracting authorities. One article of the Law stipulates that the types of procedures and the manner of their implementation for procuring military equipment, security sensitive equipment, supplies, services and works directly connected to the equipment referred above, services and works exclusively for military purposes, and security sensitive services and security sensitive works **will be regulated under the legislative act of the Government for all contracting authorities carrying out this procurement**<sup>23</sup>.

Another article prescribes a wide array of exemptions from the application of the aforementioned legislative act of the Government. It also implies that these procurements will not be regulated under the Government's act if their estimated value is equal to or less than 20,000 EUR for goods and services, or 40,000 EUR for works. The Law also states that all prescribed exemptions will be regulated in a discretionary manner - under the internal acts of the contracting authorities<sup>24</sup>. On the other hand, the EU Directive regulating security and defence procurement sets out in detail what can be the subject of security and defence procurement, the procedures which can be applied, the exceptions to its application, the manner in which bids are evaluated, the manner in which contracts are concluded, the way data on these procedures is kept, how these procedures are planned, how the reporting is done, etc, in 75 articles in total. Nevertheless, the Montenegrin legislator dedicated only two articles to this topic.

It is additionally problematic that this poor legal framework is not being implemented, and that the bylaws have not been adopted within the prescribed deadlines. The deadline for adopting the Government's regulations was December 2017<sup>25</sup>. When we requested this document, in the response to the request for free access to the information, the General Secretariat of the Government replied that "the said document was not submitted to the Government for consideration and the requested information is not in the possession of the General Secretariat of the Government of Montenegro"<sup>26</sup>.

When it comes to the bylaw which was supposed to stipulate the exemptions from the application of the Law on Public Procurement, the Ministry of Defence responded that it "is not in factual possession of the requested information", and that this bylaw "is in the process of drafting"<sup>27</sup>. The deadline for its adoption was October 2017<sup>28</sup>.

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**23** / Article 116a of the Law on Public Procurement ("Official Gazette of Montenegro", No. 042/17 as of 30 June 2017)

**24** / The same exemptions were prescribed and two new were added:

<sup>8</sup>) Procurement carried out by the state authorities of Montenegro with the state authorities of the Member States of the European Union or a third country, which relates to: a) procurement of military equipment or security-sensitive equipment; b) works and services directly related to the equipment referred to in indent 1 of this item; ilic) works and services for explicitly military purposes or safety-sensitive works and security-sensitive services; 9) Procurement of goods, services and works referred to in Article 116a of this Law whose estimated value is equal to or less than EUR 20,000 for goods and services, or EUR 40,000 for works.", Article 116b of the Law on Public Procurement (Official Gazette of Montenegro, no. 42/17 of 30 June 2017).

**25** / "The bylaw referred to in Article 116a paragraph 2 of this Law shall be passed by the Government within six months from the date of entry into force of this Law.", Article 153d, paragraph 2 of the Law on Public Procurement (Official Gazette of Montenegro, no. 42/17 of 30 June 2017).

**26** / Decision of the General Secretariat of the Government of Montenegro, number UP 156/2-17, dated 21 December 2017.

**27** / Decision of the Ministry of Defence no. UPI: 813-5226/17-4 dated 14 December 2017.

**28** / "Bylaws in accordance with this Law shall be passed within 120 days from the date of entry into force of this Law.", Article 153a of the Law on Public Procurement, (Official Gazette of Montenegro, no. 42/17 as of 30 June 2017)

Responding to the same request for free access to information, the Ministry of Interior submitted the Instruction on the Manner of Determining Needs for Procurement and the Procedure for the Implementation of Confidential Procurement from 2014 thus confirming that it had not adopted the bylaw in line with the new legislative solution. We were later told that the aforementioned Instruction was adopted according to the recommendation issued by the State Audit Institution, but that "it was never in function", i.e. that not one procurement was carried out under this legislation<sup>29</sup>.

Therefore, instead of moving towards greater transparency and competitiveness of this part of public spending, towards better regulation of this area and a greater degree of compliance with the EU regulations, legislative solutions go the opposite way. This approach thus negatively affects the establishment of a system of transparency and accountability in the field of public procurement.

## LOW-VALUE PROCUREMENT AS AN ADDITIONAL SPACE FOR ABUSE

*Amendments to the Law on Public Procurement from June 2017 introduced low-value procurement which is also characterized by a wider discretion of contracting authorities and lessened transparency. This procurement can also be misused for security and defence purposes.*

The least transparent and least competitive procedure - a direct agreement was removed from the Public Procurement Law but found an adequate replacement in the low-value procurement. For low-value procurement, the Law only prescribes the value thresholds below which they can be applied<sup>30</sup>. Everything else in relation to this procurement is exempt from the implementation of the Law on Public Procurement and is left to be regulated in a discretionary manner - under internal acts of the contracting authorities<sup>31</sup>. Bearing in mind that the Law does not prescribe the goods, works, and services which can be acquired through low-value procurement procedures, but only the value of procurement, security and defence procurement can also be carried out through these less transparent procedures.

For the procurement amounting up to 3.000 EUR in the Ministry of Defence and up to 5.000 EUR in the Ministry of Interior, a direct proforma invoice of a particular bidder can be accepted, without announcing tenders, which is in principle a direct agreement<sup>32</sup>. In its Rulebook, MoI did not stipulate the obligation to publish low-value procurement contracts, which further reduces transparency of this procedure. On the other hand, the Ministry of Defence is one of the three ministries<sup>33</sup> which in its rulebook<sup>34</sup> prescribed the obligation to publish low-value procurement contracts on the website of the Ministry.

SAI found that both MoI and the Ministry of Defence had previously misused the direct agreement by

<sup>29</sup> / Information from the meeting held with representatives of the Ministry of Interior, 23 February 2018.

<sup>30</sup> / Up to 15,000 EUR for goods and services and up to 30,000 EUR for works. Article 20 of the Law on Public Procurement (Official Gazette of Montenegro, no. 042/17 as of 30 June 2017)

<sup>31</sup> / Secretly on Public Procurement: Backsliding due to controversial amendments, Đurnić, Ana, Institute Alternative, May 2017, available at: <http://institut-alternativa.org/en/secretly-on-public-procurement-backsliding-due-to-controversial-amendments/>

<sup>32</sup> / Rulebooks for implementation of low value procurement procedures of MoI and Ministry of Defence, obtained through the IA's free access to information requests.

<sup>33</sup> / The other two are the Ministry of Economy and the Ministry of Sustainable Development and Tourism.

<sup>34</sup> / Article 22 of the Rulebook on Low Value Procurement Procedure of the Ministry of Defence, available at: <http://www.mod.gov.me/biblioteka/pravilnici>

dividing the purchase of higher value into several smaller ones, in order to implement it by direct agreement and avoid announcing tenders. According to the SAI's findings, MoI purchased car tires, registration labels, vehicle rental services, and translation services in this manner in 2014<sup>35</sup>. In the same way, in 2013, the Ministry of Defence acquired maintenance services for the business software of the program module "Calculation of earnings"<sup>36</sup>. Due to this practice, which aims at avoiding transparent and competitive procurement procedures, there is a risk of similar abuse of low-value procurement.

## NO PROTECTION OF THE BIDDERS' RIGHTS

*Protection of the rights of bidders in security and defence procedures is envisaged under the Law on Public Procurement from June 2017 for the first time. Previous legislative solutions envisaged protection of the bidders' rights in general public procurement procedures only.*

The Commission for the Control of Public Procurement Procedures is in charge of dealing with appeals lodged by the bidders in public procurement procedures, but until the latest amendments to the Public Procurement Law, it did not have jurisdiction in the security and defence procurement procedures<sup>37</sup>. Thus, in the period from 2013 to June 2017, the Commission did not, and could not have dealt with any public procurement procedure in the field of security and defence that was confidential in nature. However, since June 2017, when the protection of the bidders' rights before the Commission has been extended to security and defence, none of the bidders has exercised this right<sup>38</sup>.

## SPECIAL TREATMENT FOR THE NATIONAL SECURITY AGENCY

*The National Security Agency is the only institution which does not deny that it conducts confidential procurement and does not hide the expenditure on this basis. However, confidential procurement of the NSA, contrary to the EU regulations, is completely exempt from the Law on Public Procurement. It is prescribed under the Law on the NSA and regulated under an internal act of the director of this institution, bearing the security label "INTERNAL".*

Contrary to the EU Directive governing procurement in the field of security and defence, confidential procurement of the NSA is completely exempt from the application of the Law on Public Procurement and prescribed under the Law on the National Security Agency. This Law prescribes that "procurement, maintenance, and servicing of special equipment, official weapons and premises used in the work of the

**35** / Audit Report of the Ministry of Interior for 2014, State Audit Institution, October 2015

**36** / Audit Report on Internal Financial Control System and Public Procurement System of the Ministry of Defence, State Audit Institution, December 2014

**37** / "Protection of the rights of participants in the public procurement procedure and public interest, at all stages of the public procurement procedure, shall be provided in the manner and under the conditions laid down by this Law.", Article 120 of the Law on Public Procurement (Official Gazette of Montenegro, no. 042/17 as of 30 June 2017)

**38** / Memo from the State Commission for the Control of Public Procurement Procedures Number: 09-43 / 2-2018, dated 28 February 2018 submitted to the Center for Investigative Journalism.

Agency shall not be subject to public procurement regulations<sup>39</sup>. The Law also stipulates that the manner and procedure for the implementation of these procurements will be more closely regulated under the act of the Director of the Agency.

However, this exemption is contrary to the EU rules and legislation. The European Union Directive on security and defence procurement, in part which refers to exemptions from application, provides for procurement contracts for the purposes of intelligence activities<sup>40</sup>. The Montenegrin legislator interpreted this exemption, i.e. the definition of “intelligence activities” too broadly and prescribed all NSA procurements as exemptions from the application. This would mean that NSA only procures equipment used exclusively for carrying out intelligence activities (monitoring, wiretapping, etc.) and does not purchase weapons, ammunition, and similar goods.

Since this is not the case, correct interpretation and transposition of the EU Directive into our legislation would mean that goods, services, and works that the NSA procures and uses exclusively for intelligence purposes should be treated as an exemption from the application of the Law on Public Procurement. Everything else, i.e. procurement of premises, official weapons, ammunition, and other equipment, should be regulated under the Law on Public Procurement, in the same way as it applies for the Ministry of Defence and the Ministry of Interior. Finally, there is no reason for a higher degree of confidentiality for procurement of weapons and ammunition for the Agency than for the Army or the Police.

Based on the Rulebook on the Manner and Procedure for Conducting Confidential Procurement, the National Security Agency spent 2.727.414,49 EUR on confidential procurement in the period of four years<sup>41</sup>. The highest expenditure rise was recorded during 2016 when the cost of this procurement increased five times. However, we can not know whether this constitutes a trend or if this is an exception, since the Agency refused to submit us the confidential procurement expenditure for 2017 on the grounds that this would “constitute drawing up new information”<sup>42</sup>. Bearing in mind that the fiscal year has ended, the Agency should have a record of this expenditure, but also all other expenditures, which is why the reasoning of the Agency is unfounded. It is crucial to monitor this kind of public spending, especially when taking into account that the year in which the NSA had five times increased expenditure was an election year and that this part of spending is otherwise very non-transparent and therefore subject to abuse.

**Table 2: Expenditure of the National Security Agency for confidential procurement in the period from 2013 to 2017**

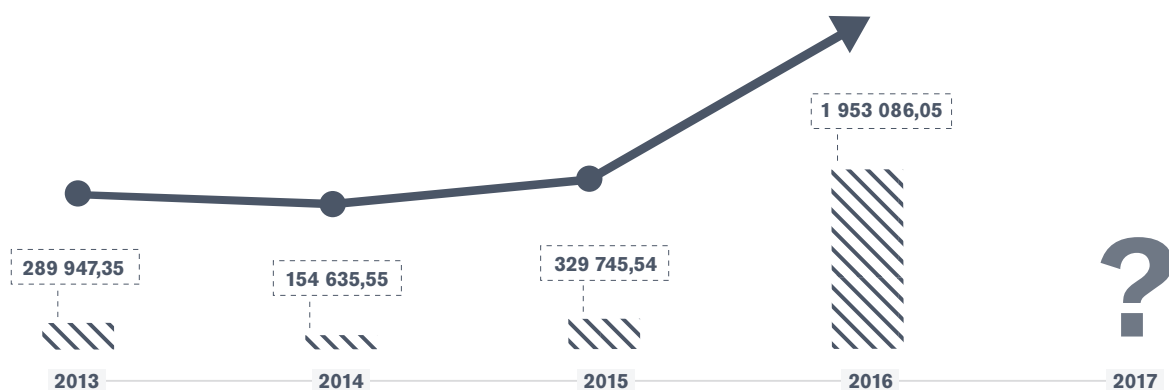
Year	2013	2014	2015	2016	2017
Expenditure (in €)	289 947,35	154 635,55	329 745,54	1 953 086.05	?

<sup>39</sup> / Article 48 of the Law on the National Security Agency (Official Gazette of Montenegro 086/09 of 25 December 2009, 073/10 of 10 December 2010, 020/11 of 15 April 2011, 008/15 of 27 February 2015)

<sup>40</sup> / “Contracts for the purposes of intelligence activities”, Article 13, Paragraph 1, Item b) of the Directive 2009/81/EC.

<sup>41</sup> / Response to the Request for Free Access to Information submitted by IA to the NSA, Decision No. 250/17-01-7338/2 as of 22 December 2017

<sup>42</sup> / Decision no: 250/18-10-1012 dated 19 February 2018



NSA's expenditure for confidential procurement per year

The Rulebook on the Procedure for Conducting Confidential Procurement has the security label "INTERNAL", so it is not known which procedures NSA uses to carry out these procurements<sup>43</sup>. At the end of December 2017, we were denied access to this Rulebook on the grounds of the security label "INTERNAL" given on 8 December 2015<sup>44</sup>. Bearing in mind that this security label can be valid for up to two years<sup>45</sup> if not extended with a new decision and that it expired at the moment when access to this document was denied to us, we contacted the Agency with a new request for free access to information. Access to the document was this time denied on the grounds that the security label "INTERNAL" was extended in mid-June 2017<sup>46</sup>. However, it is not clear why we did not receive a valid decision determining the confidentiality of the document and not the expired one in the original response to the request for free access to information.

In the rationale behind the decision determining the confidentiality of this document, it is stated that "having in mind that these procurements require a special implementation procedure, due to their specific safety features, we find that disclosure and misuse of data relating to this matter could endanger or put at risk carrying out Agency's duties"<sup>47</sup>. However, this rationale does not answer the question why there is a greater need for procurement procedures of the Agency to be internally regulated and specially protected, while the same procurements for the defence and security sector, i.e. the Police and the Army, are regulated under the Law on Public Procurement.

SAI's audit confirmed that this special treatment of NSA which entails wider discretion and less transparency is misused. For instance, SAI found that the procurement of vehicles for National Security Agency in 2015 was carried out using the confidential procurement procedure and that it should have

<sup>43</sup> / "The Rulebook in question regulates the procurement procedure, maintenance and servicing of special equipment, official weapons and premises used in the work of the NSA, and it is in accordance with the Data Secrecy Law by the Decision of the Director of the NSA No. 250/15-10-12231/1 as of 12/8/2015 marked by the security label "INTERNAL". The NSA Decision Number: 250/17-01-7664 /2, dated 28.12.2017.

<sup>44</sup> / Decision of the NSA no. 250/17-01-7664/2 as of 28 December 2017.

<sup>45</sup> / Data Secrecy Law (Official Gazette of Montenegro, no. 048/15 of 21.08.2015)

<sup>46</sup> / The security label "INTERNAL" was extended by Decision No. 250/17-10-3676/2 of 14.06.2017. Response to the IA's request for free access to information, Number: 250/18-10-1012, dated 19.02.2017.

<sup>47</sup> / Decision of the NSA no. 250/15-10-12231/1 as of 08 December 2015.



been a public procurement. The value of this procurement amounted to 50.000 EUR. The Agency received the Government's approval to carry out this procurement via confidential procedure since vehicles are purchased with special operational and technical assets and are therefore treated as special equipment. However, by inspecting the technical specification, state auditors determined that vehicles in question had not been procured with special operational and technical assets, so they do not constitute special equipment in this sense.

During the same year, the Agency spent an additional 57.308,43 EUR on confidential procurement of IT equipment – desktop and laptop computers. However, SAI found that the subject of this procurement does not have special equipment treatment either. SAI thus recommended to the Agency to implement the Law on Public Procurement when procuring the equipment which is not considered as special equipment according to the Rulebook on Special Equipment Used in the Work of the Agency<sup>48</sup>.

We were denied the opportunity to discuss with the NSA's representatives the questions related to the increased expenditure, the unjustified exemption from the application of the Law on Public Procurement, the documents which we cannot gain insight into, but also other issues regarding the manner in which the NSA ensures application of the general principles of equal treatment of participants, competitiveness, and non-discrimination. Institute Alternative's initiative to conduct a meeting with the relevant interlocutors from the Agency was rejected.

**NSA's response on the initiative of Institute Alternative to conduct a meeting:**

*"On the occasion of the initiative to hold an interview/meeting with the official or officials of the National Security Agency responsible for the implementation of confidential and public procurement, within the framework of the program implemented by Institute Alternative with the Centre for Investigative Journalism entitled "Confidential Procurement: Out of Sight - Out of Mind", it is estimated that holding a meeting is not relevant.*

*Namely, during the previous period, we issued decisions within the free access to information procedures and thus informed you that the confidential procurement procedures carried out by the National Security Agency, as well as the documentation in these procedures, are secret, in accordance with the Data Secrecy Law.*

*In this regard, we are unable to provide additional information relating to the subject matter of the interest concerned."*

<sup>48</sup> / Audit Report on Financial Statement of the National Security Agency for 2015, State Audit Institution, May 2016, available at: [http://www.dri.co.me/1/index.php?option=com\\_content&view=article&id=98&Itemid=130&lang=en](http://www.dri.co.me/1/index.php?option=com_content&view=article&id=98&Itemid=130&lang=en)



## CONFIDENTIAL PROCUREMENT WITH NO PLANNING OR REPORTING

*The system of planning and reporting on the carried out confidential procurement does not exist. Of the aforementioned legislative solutions which regulated this area during the reporting period, only the Decree on the Foreign Trade in Special Purpose Equipment prescribed a system of planning and reporting on confidential procurement. However, the contracting authorities did not respect these obligations while this Decree was in force.*

The Decree prescribed the obligation for the head of the public administration authority to adopt the Procurement Plan for Special Purpose Equipment, in accordance with the Budget Execution Plan for the budget year for which the Plan is adopted<sup>49</sup>. Deadline for the preparation of this Plan was not stipulated. Contracting authorities had the obligation to prepare and submit the Annual Report on Procurement of Special Purpose Equipment to the Government by 30 April of the current for the previous year<sup>50</sup>.

The Ministry of Interior did not prepare Confidential Procurement Plans<sup>51</sup>. Instead, it envisaged the expenditure line “procurement of special purpose products” within the Public Procurement Plans<sup>52</sup>.



However, one general expenditure line within the Public Procurement Plan which does not provide information on what the MoI plans to acquire nor according to which procedure it plans to do so can not be considered as an adequate substitute for the Confidential Procurement Plan. It should contain at least minimum information on each procurement planned, such as the subject of the procurement, estimated value, and the procedure which will be applied, which is currently not the case.

MoI prepared the report on confidential procurement only for 2014. This report was submitted to the Government for consideration and was labelled as confidential<sup>53</sup>, while the reports on the confidential procurement of the MoI were not prepared for other years during the reporting period.

The Ministry of Defence did not respond to our request for free access to information by which we requested plans and reports on confidential procurement, although the legal deadline for acting on the request has expired<sup>54</sup>. The only available information on whether the Ministry of Defence prepared these

<sup>49</sup> / Article 4 of the Decree on the Foreign Trade in Special Purpose Equipment.

<sup>50</sup> / Article 9 of the Decree on the Foreign Trade in Special Purpose Equipment.

<sup>51</sup> / Response to IA's request for free access to information, decision no: UPI-007/18-578/3, from 15 February 2018

<sup>52</sup> / Information from the meeting held with representatives of the Ministry of Interior on 23 February 2018.

<sup>53</sup> / The security label "INTERNAL" under the number 01-237 of 29.05.2015. Response to IA request for free access to information, Decision Number: UPI-007/18-578/3, from 15.02.2018.

<sup>54</sup> / The request was sent on February 8, 2018, and the legal deadline for acting upon a request is 15 days, according to the Law on Free Access to Information.

plans is related to 2013 when it adopted the Plan of Confidential Procurement and three amendments to the Plan amounting to the total of 4,617,630.00€<sup>55</sup>.

The National Security Agency's confidential procurement plans and reports on their implementation have allegedly been labelled as "CONFIDENTIAL"<sup>56</sup>. Institute Alternative requested copies of confidential procurement plans and reports on carried out confidential procurement for the period 2013-2018 to the NSA. Access to the requested documents was denied to us with the rationale that under the decisions no. 250/12-08-2226/1 from 11 April 2012 and **no. 250/15-10-12231 from 8 December 2015** these documents were labelled as "CONFIDENTIAL". However, the NSA had once already referred to the decision **no. 250/15-10-12231 from 8 December 2015** when responding to IA's request for free access to information requesting the Rulebook on Confidential Procurement which was labelled as "INTERNAL" by this decision. In the copy of this decision, with the same date and number, which the NSA submitted to us, neither the reports nor the confidential procurement plans are mentioned as the only document labelled as confidential is the Rulebook. This raises the suspicion that, when it does not wish to disclose information, the NSA refers to the numbers of non-existent decisions under which the documents which contain the requested information are allegedly labelled as confidential.



According to the data of SAI, the NSA's Confidential Procurement Plan for 2015 amounted to 125.000,00€ and was amended three times during that year. The amendments occurred due to the redirection of planned procurement from the Public Procurement Plan to Confidential Procurement Plan as follows: vehicles (50,000.00€), procurement of equipment (110,000.00€) and public procurement of works (11,000.00€). With amending the Confidential Procurement Plan, the procurement of works was increased for an additional 35,000.00€<sup>57</sup>.

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**55** / Audit Report on Internal Financial Control System and Public Procurement System of the Ministry of Defence, State Audit Institution, December 2014, available at: [http://www.dri.co.me/1/index.php?option=com\\_content&view=article&id=98&Itemid=130&lang=en](http://www.dri.co.me/1/index.php?option=com_content&view=article&id=98&Itemid=130&lang=en)

The report states the auditor's note that "data were obtained by adding individual items in the Plan and the Amendments because the audit found that there were computational errors in the documentation received from the subject of the audit."

**56** / Decision of the NSA on IA's request for free access to information, no. 250/18-10-1/13, as of 19.02.2018.

**57** / Audit Report on Financial Statement of the National Security Agency for 2015, State Audit Institution, May 2016, available at: [http://www.dri.co.me/1/index.php?option=com\\_content&view=article&id=98&Itemid=130&lang=en](http://www.dri.co.me/1/index.php?option=com_content&view=article&id=98&Itemid=130&lang=en)

## CONCLUSION:

Despite the fact that the legislation regulating the security and defence procurement was amended three times in the past five years, this area is still underregulated in Montenegro. The problem primarily exists at the level of understanding and defining the basic notions, which negatively reflects on the legislative solutions and their implementation.

Montenegrin legislation differentiates between the notions of “confidential procurement” and “security and defence procurement” whereas one is prescribed as an exemption from the application of the law, while the other is regulated under the Law on Public Procurement, although insufficiently. In this manner, the whole area of public spending remains insufficiently regulated, and therefore subject to abuse. Since these two notions are synonymous and relate to the procurement of the same type of goods, works, and services that have a security-defence character, they need to be equated in the legal sense and carried out under the same procedures.

The entire system of procurement in the area of security and defence in Montenegro is characterized by a low level of transparency, not only in terms of the subject of confidential procurement but also in terms of the procedures carried out. Most of the documents related to confidential procurement are labelled as confidential, including bylaws and internal acts of the contracting authorities which govern the procedures of these procurements. Therefore, any type of control of this part of public spending is almost rendered impossible.

A common system of planning and reporting on confidential procurement is not established at the level of all contracting authorities, so the practices are different, which negatively affects the control of this area. Confidential procurement plans and reports of the NSA are labelled as confidential. MoI does not prepare confidential procurement plans while the Confidential Procurement Report was adopted for 2014 only. Ministry of Defence did not respond to the request for free access to information asking for their confidential procurement plans and reports for more than a month.

SAI's reports are the only testimony that wider margin of discretion and lessened transparency characteristic for confidential procurement is misused. The most frequent irregularity which SAI found in the work of MoI, the NSA, and Ministry of Defence is the application of confidential procedures for the procurement of goods, services, and works which do not have the security and defence character and which should be purchased in public procurement procedures. In this manner the following was acquired: IT equipment, official vehicles, air tickets, services of city and intercity transportation of employees, car tires, etc. However, although irregularities were identified, no one was held accountable.

Compliance with the EU regulations governing this area is still at the unsatisfactory level. Issues which the Montenegrin legislation does not cover and which are important for better regulation of this area are primarily planning and reporting on these procurements, then the establishment of clear procedures which can be applied to these procurements, the establishment of a minimum number of bids that must be collected to ensure the competitiveness of the procedure, as well as the method of collecting and evaluating bids.

Therefore, in the context of the preparation of the new Law on Public Procurement which is in progress, special attention needs to be placed on regulating this procurement. In this respect, it is important to keep in mind the EU Directive 2009/81 which regulates procurement in the field of security and defence and other EU regulations, but also the Montenegrin context of public procurement in general, characterized by high consumption, insufficient transparency, very low competitiveness of procedures, and lack of accountability for identified irregularities.

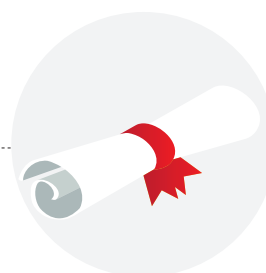
## RECOMMENDATIONS:

Confidential procurement as an exemption from the application of the Law on Public Procurement should be removed from this Law and only the notion of “security and defence procurement”, defined on the model of definitions from the EU Directive 2009/81, should be retained.



Security and defence procurement of the National Security Agency not related to the equipment for intelligence purposes (equipment for monitoring, wiretapping, etc.) should be regulated under the Law on Public Procurement.

The Law on Public Procurement should prescribe the obligation of preparation of confidential procurement plans, with the prescribed minimum of information they should contain on each planned procurement, such as the subject of procurement, estimated value, and the procedure which needs to be applied.



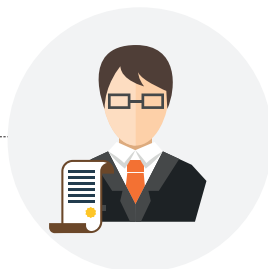
The Law on Public Procurement should prescribe the obligation of submitting the confidential procurement plans to the Parliamentary Security and Defence Committee for consideration and review, and to the Government for adoption.

The Law on Public Procurement should prescribe the obligation of preparation of the reports on confidential procurement which should contain relevant information on each conducted confidential procurement, i.e. the data on the subject of procurement, estimated and executed value of procurement, the procedure applied, and number of submitted bids.



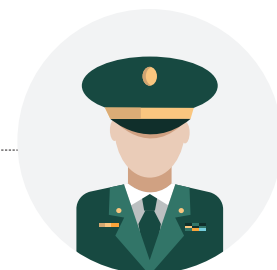
The Law on Public Procurement should prescribe the obligation of submitting annual reports on carried out confidential procurement procedures to the Parliamentary Security and Defence Committee for consideration and review, and to the Government for adoption.

The Law on Public Procurement should prescribe the procedures which can be applied for security and defence procurement, the method of collecting and evaluating bids, as well the criteria for their evaluation.



The State Audit Institution should conduct audits of the expenditure for confidential procurement of all the contracting authorities which carry out this procurement on an annual basis.

Prior to being adopted by the Government, the Parliamentary Security and Defence Committee should review and issue an opinion on the confidential procurement plans and reports prepared by the contracting authorities in the field of security and defence on an annual basis.



## SOURCES:

- Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security;
- Public Procurement Brief no. 23, Defence Procurement, SIGMA, September 2016;
- Audit Report - Management and Disposal of Assets Used by the Ministry of Defence, State Audit Institution, June 2017;
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- Audit Report of the Ministry of Interior for 2014, State Audit Institution, October 2015;
- Audit Report on Financial Statement of the National Security Agency for 2015, State Audit Institution, May 2016;
- Monitoring Report: The Principles of Public Administration Montenegro, SIGMA, November 2017;
- Rulebook on the implementation of procedure for low-value procurement of the Ministry of Interior;
- Rulebook on the implementation of procedure of low-value procurement of the Ministry of Defence;
- Secretly on Public Procurement: Backsliding due to controversial amendments, Đurnić, Ana, Institut Alternative, May 2017;
- Decree on the Foreign Trade in Special Purpose Equipment ("Official Gazette of Montenegro", No. 066/10 as of 19 November 2010);
- Law on the National Security Agency ("Official Gazette of Montenegro", No. 086/09 as of 25 December 2009, No. 073/10 as of 10 December 2010, No. 020/11 as of 15 April 2011, No. 008/15 as of 27 February 2015);
- Law on Public Procurement ("Official Gazette of Montenegro", No. 042/11 as of 15 August 2011);
- Law on Public Procurement ("Official Gazette of Montenegro", No. 028/15 as of 03 June 2015);
- Law on Public Procurement ("Official Gazette of Montenegro", No. 042/17 as of 30 June 2017);
- Law on Data Secrecy ("Official Gazette of Montenegro", No. 048/15 as of 21 August 2015);

## INTERVIEWS:

- Interview with the representatives of the Ministry of Interior, held on 23 February 2018.

## **ABOUT INSTITUTE ALTERNATIVE**

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We function as a think tank or a research centre, focusing on the overarching areas of good governance, transparency and accountability. Our research and advocacy activities are structured within following programme strands: Public Administration, Accountable Public Finance, Parliamentary Programme, and Security and Defence. On the basis of our programmes, we monitor the process of accession negotiations with the EU, actively participating in working groups for chapters 23 and 32. Our flagship project is the Public Policy School, which is organised since 2012. Institute Alternative was granted with the licence to conduct research activities in the field of social sciences by the Ministry of Science in 2013.

The project "Confidential Procurement: Out of Sight - Out of Mind" is implemented by Institute Alternative and Centre for Investigative Journalism, with the assistance of the European Union within the framework of the regional project "Accountability, Technology and Institutional Openness Network in South East Europe - ACTION SEE".

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