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UNMIK
Investigation Task Force

Pristina, 13 December 2004

Case 285/04

Pristina Airport – Possible administrative irregularity regarding tender procedures involving Vendor 1 and Vendor 2

Allegation

Two companies with the same owner took part at least three times in the same Airport tenders.

Background Information

The Kosovo citizen, Vendor 1 and Vendor 2 Representative, is the owner and Director of the Pristina-based Vendor 1 and also a 51% shareholder of the Pristina-Ljubljana-based company Vendor 2. Both companies have their residences at the same address in Pristina.

Both Vendor 1 and Vendor 2 submitted three times in 2003 for the same tenders:

1. Supply and Mounting of Sonic System in the Fire Station Building. Winner was Vendor 2 with €1,530 followed by Vendor 1 with €1,620. The third company, Vendor 3, did not provide a price offer.
2. Cabling of Flat Display Information System (FIDS). Winner was Vendor 1 with €15,919 followed by Vendor 2 with €19,248.70. The other two competitors, Vendor 3 and Vendor 4, offered prices of Euro 19,702 and Euro 21,045.
3. Purchase and fixing of Cramer Antenna. Winner was again Vendor 1 with €3,627.99 followed by Vendor 2 with €3,921. The other two competitors, Vendor 3 and Vendor 4, offered prices of €4,278 and €4,670.

Investigative details

4. In his/her interviews conducted on 31st August and 14th September 2004, Vendor 1 and Vendor 2 Representative admitted that the fact that both Vendor 1 and Vendor 2 took part together in three Airport tenders put other competitors at a disadvantage, but alleged both companies have never exchanged information with regard to the price offers.

There were doubts whether both companies Vendor 3 and Vendor 4 exist and submitted bids for the three tenders. The ITF investigation, with support from the Kosovo Organised Crime Bureau (KOCB), has found no reference with regard to the existence of the alleged competitor Vendor 4 in Pristina. The alleged company Vendor 3 was found to be a supermarket located in Prizren.

The above-mentioned facts are already part of the ITF case no. 286/04 that was submitted to the International Prosecutor, UNMIK Department of Justice, in October 2004. On 1 December 2004, the ITF contacted the International Prosecutor for a legal assessment of this case. Although this case would clearly be a breach of Economic Law, there is no applicable law in Kosovo for the time being.

Conclusions

The entire matter has to be seen as an administrative irregularity. It is obvious that international procurement rules and economic crime law had been breached but the Procurement Regulation that was in force at that time – Financial Agreement 1999/2 – does not indicate cases like described before and Kosovo does not have yet any Economic Law.

As agreed with the International Prosecutor, a copy of the Final Report will be provided for him as background information related to the ITF case no. 286/04.

Recommendations

It is recommended that UNMIK, and in particular, the KTA undertake the following actions:

Recommendation 1: The Airport staff responsible for procurement activity should receive adequate training in the handling of procurement matters and to adhere to all applicable Procurement Regulations.

Recommendation 2: The Airport staff responsible for procurement activity has to ensure a fair competition and pay more attention to check the background of the bidding companies.