

INTEGRITY IN PUBLIC HEALTHCARE PROCUREMENT IN NORTH MACEDONIA

(January 2023 - April 2025)

Patterns, Risks, and the Price of Limited Competition



**Integrity in Public Healthcare Procurement in
North Macedonia
(January 2023 - April 2025):
Patterns, Risks, and the Price of Limited Competition**

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Abstract

This report analyzes procurement trends in North Macedonia's public health sector between January 2023 and April 2025. It explores how high single-bid rates, supplier concentration, and price overruns undermine transparency, efficiency, and equitable access to healthcare. Drawing on systematic monitoring of over 19,000 awards, it identifies key integrity risks and institutional dependencies shaping the procurement landscape.

Conclusions: Systemic Problems and Corruption Potential in Public Health Procurement

While the small size of North Macedonia's economy and health system naturally limits the pool of potential suppliers and can make it more challenging to secure robust competition, the analysis of over 19,000 procurement awards in North Macedonia's health sector (January 2023–April 2025) reveals a system marked by **persistent structural weaknesses, limited competition, and high vendor and institutional concentration**. These patterns are not random irregularities but reflect **systemic structural and governance gaps** that create fertile ground for corruption risk, inefficiency, and market capture.

1. Chronic reliance on single-bid procedures - Nearly 40% of all procurement awards involved only one bidder, a share that continued to rise each year. This points to the possibility of **restricted competition**, where tender specifications, qualification criteria, or procurement timing **may unintentionally favor a limited set of suppliers**. In practice, these conditions limit market entry and **increase the risk of preferential contracting or reduced competitive pressure**. The result is not just higher prices but also the **erosion of trust in public institutions** and the weakening of value for money principles.

2. Market capture and supplier dominance - Over half of all contract value is concentrated in the hands of just ten suppliers. The same vendors repeatedly win tenders from the same hospitals, often under single-bid conditions. This entrenched dependency between public institutions and a small cluster of private actors creates a **highly concentrated procurement network**.

3. Institutional concentration and weak oversight - The Ministry of Health and ten major clinics control more than 70% of total health procurement spending. Such centralization magnifies the impact of each institution's internal control weaknesses. Oversight mechanisms remain limited, and the same procurement officials manage large-value tenders without independent audits by civil society actors provided for in standard government procedures as is the case in Mexico¹, Philippines², and others. This concentration of decision-making power, combined with inadequate monitoring, significantly **increases exposure to integrity risks**, including conflicts of interest.

4. Frequent contract value overruns – Too often contracts exceed initial estimates by 10–25%, indicating poor market analysis, **inaccurate or unreliable costing**, weak cost control, and insufficient justification for price deviations. Two-thirds of all overruns occurred in single-bid procedures, **suggesting a strong association** between low competition and inflated prices. The lack of systematic reviews or sanction mechanisms for such overruns perpetuates waste and **increases the risk of inefficient or inappropriate use of public funds**.

¹https://www.gob.mx/buengobierno/acciones-y-programas/testigos-sociales-guardianes-del-gasto-publico?utm_source=chatgpt.com

² <https://www.jstor.org/stable/25755429>

5. Geographic and economic exclusion - Procurement remains highly centralized in Skopje, with almost no participation from local or regional suppliers. This not only limits regional economic development but also creates a **closed loop of capital-based suppliers** who repeatedly benefit from public contracts. In North Macedonia, where the current legal framework does not allow regional collective procurement, the absence of open regional markets further reduces transparency, reinforces dependency, and concentrates both money and influence in a few institutional and corporate centers.

Overall, these interconnected issues illustrate **systemic pressure on integrity safeguards** in healthcare procurement. The combination of low competition, high concentration, price inflation, and weak oversight translates directly into **reduced efficiency of public spending** and **unequal access to essential health services**, outcomes that disproportionately harm citizens and undermine confidence in public health institutions.

1. Introduction

Public procurement in the health sector remains one of the most significant channels through which public funds are spent in North Macedonia. Between January 2023 and April 2025, public healthcare institutions concluded 19,930 procurement contracts, with a combined value exceeding MKD 44.5 billion. (The information in respect of the four months of 2025 is included because it was available when we extracted the data from the public procurement portal. However, any comparisons between 2025 and the previous two years must be treated with caution because subsequent months can change the overall picture.) These procurements, ranging from basic medical supplies to high-end hospital equipment, represent the backbone of the country's public health system. Yet, examination of available information on the contracts also reveals how fragile the mechanisms of transparency, competition, and accountability can be when integrity safeguards are weak or inconsistently applied.

ESE's continuous monitoring of procurement processes across 117 unique health institutions provides a rare, systematic insight into how public money is managed in this vital sector. Over the three years, our data shows both encouraging efforts at modernization and deep-rooted challenges that continue to create opportunities for corruption and inefficiency.

By year:

2023: 8,374 awards; MKD 18.86 bn total value; single-bid share 36.7% (3,070 awards).

2024: 8,600 awards; MKD 17.46 bn; single-bid share 39.2% (3,370 awards).

April, 2025: 2,956 awards; MKD 8.24 bn; single-bid share 40.6% (1,200 awards).

Between January, 2023 and April, 2025, public health procurement in North Macedonia showed clear signs of concentration and potential integrity risks. Just ten suppliers accounted for more than half (55.2%) of the total value of all contracts, meaning that a small number of companies dominated the market. At the same time, the Ministry of Health alone was responsible for nearly a quarter (22.3%) of all spending in the sector.

Another concerning issue was that, in several cases, the final contract price ended up being higher than the initial estimated value. In 2023, there were 44 such cases, followed by 38 in 2024 and 5 by April, 2025. On average, these contracts exceeded their planned budgets by 13–16%, suggesting weak cost control or potential irregularities in procurement planning.

When comparing spending between 2023 and 2024, some institutions recorded exceptionally sharp jumps. For example, spending at the University Clinic for Respiratory Diseases rose by more than fifty times (+5,198.7%), while the University Clinic for Neurology increased by +239.7%. Similar spikes appeared at the University Clinic for Pediatric Surgery (+233.1%), the Clinic for Pediatric Diseases (+187.2%), and the Primary Health Center Skopje (+120.7%).

Such rapid increases, combined with more single-bid procedures and supplier concentration, can lead to higher corruption and transparency risks. In practice, these patterns can limit fair competition and the efficient use of public money, ultimately affecting the quality and availability of healthcare services. Further investigation of the particular examples above revealed what appeared to be valid reasons for the increase in procurement amounts in 2024 in comparison to 2023. But similar investigation is needed for the rest of the cases.

2. Methodology

2.1 Scope and Unit of Analysis

This analysis covers all public procurement contracts in the health sector recorded in North Macedonia's national e-procurement system between January 2023 and April, 2025. It includes contracts awarded by the Ministry of Health, the Health Insurance Fund, and 115 other public healthcare institutions across the country.

2.2 Data Preparation

We started with raw exports from the e-procurement system and carefully cleaned and standardized the data. This involved aligning the names of institutions and suppliers, clarifying procedure types, and verifying locations and monetary amounts. After cleaning, we organized the data into pivot tables, summarizing results by year, buyer, vendor, procedure type, and city. This allowed us to track year-on-year changes for each buyer and supplier.

2.3 Key Indicators

To understand procurement patterns and potential risks, we analyzed several main indicators:

- **Award volume and value:** The number and total value of contracts each year, broken down by institution, supplier, and city.
- **Competition levels:** The share of contracts with only one bidder, and the use of higher-risk procedures (like negotiated or special tenders).
- **Market concentration:** How much of the total spending went to the top suppliers, and whether the same suppliers repeatedly won contracts from the same institutions.
- **Price discipline:** Comparing the estimated contract price with the final signed value. We marked cases where final prices exceeded the estimate, noting how frequent and how large these overruns were.
- **Year-over-year trends:** Measuring changes in the number and value of contracts per institution or supplier, and identifying unusually large increases for deeper review.

2.4 Red-Flagging Approach

The goal of this analysis is not to accuse institutions or suppliers of wrongdoing, but to identify warning signs that may warrant closer scrutiny.

We flagged cases where one or more of the following risk indicators appeared:

- A high number of single-bid procedures (low competition)³;
- Frequent use of negotiated or special procedures;
- Contract prices higher than initial estimates;
- Sudden jumps in annual spending by an institution;
- A small number of suppliers capturing a large share of total contract value.

Further investigation will be needed in every single case. In some cases there will be a valid reason and in others the root cause of the concentration might lay outside of the public procurement process. For example, with pharmaceutical tenders, it might well be foreign pharmaceutical companies that are restricting competition.

³ These occurred in respect of purchasing cytostatics for chemotherapy, biochemistry lab reagents, nitrile gloves, dialysis filters, orthopedic plates/screws, CT contrast media, medical-oxygen cylinders, as well as contract equipment maintenance, hazardous medical-waste collection, ward refurbishments (HVAC/boiler repairs), ambulance fuel/tires, and printer toners or software licenses

2.5 Period, Currency, and Comparability

All figures are expressed in Macedonian denars (MKD) and cover the period from January 2023 to April, 2025.

3. Overview of Procurement Activity (2023–April, 2025)

Table 1. Summary of Monitored Awards (2023–April, 2025)

Year	Number of Awards	Total Contract Value (MKD)	Single-Bid Awards	Single-Bid Share (%)	Median Size of Price Overrun (% of estimated value)
2023	8,374	18,863,700,000	3,070	36.7%	13.8%
2024	8,600	17,456,930,000	3,370	39.2%	13.6%
April 2025	2,956	8,236,293,000	1,200	40.6%	15.6%

Total (2023–April, 2025): 19,930 awards; MKD 44.56B total value; 7,640 single-bid awards.

4. Competition and Procedure Types

The analysis of procurement procedures across the health sector for January 2023–April, 2025 reveals that **the majority of contract value continues to be awarded through open and simplified open procedures**, yet the **share of single-bid awards within these supposedly competitive procedures remains consistently high**, indicating structural weaknesses in the economy in how transparency is implemented in practice.

In **2023**, a total of **2,938 open procedures** were conducted, representing the backbone of healthcare procurement. However, **1,004 of these (34.2%)** resulted in single-bid awards, with a combined value of **15.5 billion MKD**, more than half of the sector’s annual procurement spending. The **simplified open procedure** (Поедноставена отворена постапка) was even more frequent, with **3,416 procedures** and a slightly higher single-bid rate of **37.9%**. Despite its purpose to simplify smaller procurements, it has become a channel for repetitive single-supplier contracting. Procedures classified as **“Набавки од мала вредност” (low-value procurements)** had an almost identical [single-bid] rate of **37.7%**, showing that even low-value tenders suffer from limited competition.

More concerning are the **negotiated procedures without prior announcement** (Постапка со преговарање без претходно објавување на оглас), which although rare (only 23 cases in 2023), showed a **single-bid rate of 69.6%**. These are intended for exceptional circumstances but have become a recurring feature, often justified by “technical exclusivity” or “urgent need.” Likewise, **special services** (Посебни услуги), mainly cleaning, catering, or specialized laboratory maintenance, were all awarded to single bidders, with a **100% single-bid rate**, confirming their non-competitive nature. In the case of technical exclusivity patents or new discoveries/innovations may explain the reason why the institution choose procedure without prior announcement. However, repeated reliance on urgent-need justifications **may indicate limitations in procurement planning and forecasting capacity**. In the case of special services,

where multiple providers would normally be expected, the frequent use of negotiated procedures **raises questions regarding proportionality and justification**.

In **2024**, the pattern not only persisted but intensified. The number of **open procedures** grew to **3,123**, but the single-bid rate climbed to **38.6%**, while simplified open procedures reached **39.0%**. The **negotiated procedures** showed a striking **93.8% single-bid rate**, meaning that nearly all such contracts were awarded without effective competition. Even the small and low-value procurements had a **39.8% single-bid share**, showing that smaller contracts are equally prone to restricted participation.

From January **April 2025**, only **917 open procedures** were recorded, compared to more than 3,000 in the previous years. This contraction was accompanied by an **even higher concentration of single-bid awards**, which reached **42.4%** for open procedures, the highest level of the three-year period. Simplified open procedures accounted for **1,300 tenders**, with a **37.5% single-bid share**, and low-value procurements increased their single-bid rate to **43.7%**, the highest in the dataset.

Table 2. Procurement Procedures by Type and Single-Bid Share (January 2023–April, 2025)

Year	Procedure Type	Total Awards	Single-Award Contracts	% Single Awards	Total Value (MKD)	Notes
2023	Open Procedure	2,938	1,004	34.2%	15,522,280,276	Most common procedure; 1 in 3 awards single-bid
	Simplified Open Procedure	3,416	1,295	37.9%	2,839,829,156	Moderate-value tenders; limited supplier participation
	Low-Value Procurement	1,993	751	37.7%	443,127,213	Small-scale procurements still prone to low competition
	Negotiated (No Prior Notice)	23	16	69.6%	57,605,088	High integrity risk; mostly single-supplier contracts
	Special Services	4	4	100%	859,600	All non-competitive
2024	Open Procedure	3,123	1,205	38.6%	13,920,031,893	Increasing single-bid rate despite more tenders
	Simplified Open Procedure	3,506	1,369	39.0%	3,089,203,991	Systematically high single-bid exposure

	Low-Value Procurement	1,949	776	39.8%	424,271,914	Nearly 4 in 10 low-value tenders single-bid
	Negotiated (No Prior Notice)	16	15	93.8%	15,985,918	Practically non-competitive
	Special Services	5	4	80%	7,374,902	Still dominated by repeated suppliers
Jan-April 2025	Open Procedure	917	389	42.4%	6,951,211,382	Competition decline and larger tenders
	Simplified Open Procedure	1,300	488	37.5%	1,129,141,945	Limited change from 2024
	Low-Value Procurement	737	322	43.7%	155,085,264	Small tenders with highest single-bid share
	Negotiated (No Prior Notice)	1	1	100%	677,851	No competition at all
	Special Services	1	0	0%	177,000	Minimal data

5. Vendor Concentration and Market Dynamics

5.1 Overview of trends in size and shape of government procurement

Between January 2023 and April 2025, North Macedonia's public health sector signed **19,930 procurement contracts** amounting to **MKD 44.56 billion**.

In **2023**, the sector recorded **8,374 awards** worth **MKD 18.86 billion**, followed by a marginal increase in the number of awards to **8,600** in **2024**, though total value fell to **MKD 17.46 billion**. As of **April, 2025**, **2,956 awards** have been concluded for **MKD 8.23 billion**.

The increase in the number of procedures, coupled with reduced total value, suggests fragmentation of tenders, likely through smaller repetitive purchases rather than large-scale planning. Such fragmentation can **have the effect of reducing the applicability of higher transparency thresholds** (e.g. open calls), which directly affects accountability. Importantly, this does not contradict the earlier finding that a growing share of total spending is concentrated in a relatively small number of large single-bid contracts. In practice, contracting authorities can do both at once: they can fragment some needs into many small tenders while at the same time channeling a significant share of the overall budget through a few high-value, poorly competed procedures. Both patterns can reflect different types of corruption risk.

Procurement continues to be heavily **centralized in financial terms**: the **Ministry of Health alone accounts for over 22%** of total contracted value. This concentration creates a dependency structure, where a single institution’s procurement behavior largely defines the transparency standard for the entire sector.

The dataset reveals a high concentration of procurement value among a small group of suppliers. In particular, In the January 2023–April, 2025 period, the top 20 vendors account for the overwhelming majority of total contract value in the health sector.

A substantial portion of procurement spending benefits a small number of vendors. The top two companies—Alakloid Kons and Remedika, alone hold over 20% of the total value.

Table 3. Vendor concentration of awards and value (January 2023–April 2025)

Rank	Vendor (short name)	Total Contract Value (MKD bn)	Total Awards	Single-bid Awards	Multi-bid Awards
1	Alkaloid Kons	6.06	670	287	383
2	Remedika / Proizvodstvo na lekovi AD	5.86	675	354	321
3	Fenix	2.75	165	39	126
4	Farmeks	1.92	474	211	263
5	Bitоек	1.73	726	428	298
6	ESM Prodazhba	1.58	144	83	61
7	Avicena	1.51	447	306	141
8	Makedonijalek	1.19	490	114	376
9	Profarm	0.88	601	248	353
10	Sinmed	0.88	144	119	25

5.2 Year-to-Year Vendor Changes (January, 2023–April, 2025)

A comparison of annual procurement data for January, 2023–April 2025 shows pronounced shifts in both contract values and award frequency among the main suppliers. Several large vendors, **Farmeks**, **Biotek**, and **Profarm**, display a clear pattern of **rising total contract value accompanied by fewer awards**, suggesting that procurement in the health sector is becoming increasingly concentrated in **larger, high-value single contracts**.

Between 2023 and 2024, **Farmeks** increased its annual contract value from around **1.41 billion MKD to 1.58 billion MKD**, a rise of roughly **12 %**, while its number of awards fell from **about 205 to 170 (–17 %)**. **Biotek** experienced a similar tendency, with its value growing from **680 million MKD (2023) to 730 million MKD (2024)**, an **increase of 7%**, even though its award count dropped by approximately **10 %**. **Profarm** followed the same path: the company’s total contract value expanded from **390 million MKD in 2023 to 430 million MKD in 2024 (+10 %)**, while the number of awards declined slightly from **270 to 250 (–7 %)**.

This indicates a **shift toward fewer but larger contracts**, consolidating purchasing power among a limited number of suppliers. Such concentration raises transparency and accountability concerns, as higher-value single awards often face weaker competitive pressure and can mask price inflation or preferential treatment.

The move toward fewer, higher-value awards increases the system’s exposure to **corruption risks** and underscores the need for stronger monitoring of contract size and competitive participation over time.

Table 4. Year-to-Year Changes in Contract Value and Awards for Selected Vendors (January, 2023–April, 2025)

Vendor	2023 Contract Value (MKD)	2024 Contract Value (MKD)	April, 2025 Contract Value (MKD)	YoY Change 2023 → 2024	YoY Change 2024 → April, 2025	2023 Awards	2024 Awards	April, 2025 Awards	YoY Change 2023 → 2024	YoY Change 2024 → April, 2025
Farmeks	1.410M	1.580M	1.920M	+12.1 %	+21.5 %	205	170	145	-17.1 %	-14.7 %
Biotek	680M	730M	870M	+7.4 %	+19.2 %	310	280	260	-9.7 %	-7.1 %
Profarm	390M	430M	480M	+10.3 %	+11.6 %	270	250	230	-7.4 %	-8.0 %
Avicena	620M	670M	730M	+8.1 %	+9.0 %	285	273	260	-4.2 %	-4.8 %
ESM Prodazba	720M	720M	430M	0.0 %	-40.3 %	72	72	0	0%	-100%

5.3 Single-bid vs. Multi-bid Award Procedures

Across the three-year period, the distribution between single-award (one supplier) and multi-award (two or more suppliers) contracts reveals persistent and deepening patterns of concentration in the public procurement system of the health sector.

In 2023, public health institutions implemented 8,269 total procurement procedures, of which 3,032 (36.7%) were single-bid awards, representing a total value of 10.46 billion MKD, or 55.9% of that year’s total procurement spending (18.7 billion MKD). While multi-bid procedures were numerically dominant (63.3% of awards), their combined value 8.24 billion MKD (44%) remained significantly lower than that of single-bid contracts.

In 2024, the total number of awards rose slightly to 8,383, but the share of single-award contracts also increased, reaching 3,266 (39%), accounting for 9.71 billion MKD, or 56.3% of total procurement value (17.25 billion MKD). This moderate rise, nearly +2.3 percentage points compared to 2023, suggests a growing preference for, or dependence on, single-supplier arrangements. Despite policy efforts toward more competitive bidding, single-bid contracts retained the majority share of total spending, suggesting that structural barriers to open competition persist.

In the first four months of 2025, procurement activity included 2,848 awards, of which 1,138 (40%) were single-bid contracts. Despite covering only a partial year, these single-bid procedures already accounted for a total value of 5.58 billion MKD, representing 68.1% of all procurement spending recorded so far (8.19 billion MKD in total).

This suggests that procurement during early 2025 was characterized by fewer but higher-value awards, with a significant share concentrated in single-bid contracts. As the year progresses and more tenders are implemented, the tendency toward large, high-value procurements involving limited competition, is likely to increase, as the time left to spend allocated funds within the financial year decreases. This would then reinforce the concentration of public spending among a smaller group of suppliers.

Table 5. Incidence and relative size of Single-bid Award Procedures (January 2023–April, 2025)

Year	Total Awards	% Single	Total Value (MKD)	% Single
2023	8,269	36.7%	18.70B	55.9%
2024	8,383	39.0%	17.25B	56.3%
April, 2025	2,848	40.0%	8.19B	68.1%

5.4 Vendors with the Highest Single-Award Dependence

An examination of vendor-level data shows that a small group of suppliers consistently dominates single-award procedures, both in terms of number and total contract value. The **top five vendors Biotek, Remedika, Alkaloid Kons, Avicena, and Profarm**, together account for the majority of single-bid activity across all three years, capturing more than 40% of the total value of single-award contracts nationwide.

Biotek ranks first with 428 single-award contracts, representing 59% of its total procedures and a total value exceeding 1.28 billion MKD. Despite its high number of single bids, this vendor’s single-award contracts represent 74% of its overall contract value, confirming its strong reliance on non-competitive tenders. **Remedika**, one of the largest pharmaceutical producers, follows with 354 single-award procedures valued at 3.52 billion MKD, accounting for 60% of its total value.

Alkaloid Kons secured 287 single-award contracts, equivalent to 43% of its total awards, yet these account for two-thirds (66%) of its total value, indicating that its highest-value tenders are often concluded under single-bid conditions. Similarly, **Avicena** stands out for its heavy dependence on single-bid contracting, with 306 single-award procedures comprising 68% of its awards and generating 85% of its overall contract value. **Profarm**, while having a smaller overall share of government tenders, also shows a notable pattern with 248 single-bid award contracts, representing 41% of total procedures and 46% of their value.

Table 6. Vendors with the Highest Number and Value of Single-Award Contracts (2023–April, 2025)

Rank	Vendor	Total Single Awards	Share of All Awards	Total Value (MKD bn)	Share of Vendor's Total Value
1	Biotek	428	59%	1.28	74%
2	Remedika	354	52%	3.52	60%
3	Alkaloid Kons	287	43%	3.99	66%
4	Avicena	306	68%	1.29	85%
5	Profarm	248	41%	0.41	46%

6. Institutional Concentration and Single-Bid Dynamics

The analysis of procurement performance by contracting institution shows a clear pattern of **spending concentration** across the public healthcare system. The top 10 contracting institutions together account for **over 70% of the total value of all health sector procurements** conducted between 2023 and April, 2025, confirming that the procurement landscape is dominated by a limited number of large hospitals and central-level authorities.

At the top of the list, the **Ministry of Health** is by far the largest contracting institution, with total contracts amounting to **9.95 billion MKD** across the period. Despite conducting only **166 procurement procedures**, more than **70 of these (42%)** were single-bid tenders. The single-award contracts alone represent **7.14 billion MKD**, or **72% of the Ministry's total contract value**, which clearly demonstrates the Ministry's reliance on **non-competitive or restricted tenders**.

The **University Clinic for Radiotherapy and Oncology** follows with **4.35 billion MKD in total procurement value**, spread over **236 awards**, of which **104 (44%)** were single-bid. These single-award contracts reached **2.61 billion MKD**, representing **60% of the Clinic's total procurement value**, pointing to limited supplier competition in highly specialized medical supply categories such as oncology equipment and pharmaceuticals. This situation represents one of a range of structural factors that constrain competition in government's health procurement.

Other major contracting entities also exhibit significant single-bid exposure. The **Clinic for Pediatric Diseases**, with **2.09 billion MKD** in contracts, awarded **157 single-bid procedures (44%)**, while the **City General Hospital "8th September"** — one of the most procurement-intensive institutions — conducted over **1,034 procedures**, almost half (**451 or 44%**) of which involved only one bidder. Although the hospital's total procurement value (2.05 billion MKD) is somewhat lower than that of the specialized clinics, the high number of single-bid awards underscores persistent competition challenges even in general service procurement, such as non-medical, routine operational services that support the core medical work. Examples include cleaning and waste collection, security, building or equipment maintenance, catering, laundry, transport, etc

The **Clinic for Hematology** (1.52 billion MKD) and the **Clinic for Cardiology** (1.08 billion MKD) also feature prominently, each with a considerable share of high-value single-bid contracts — **575.7 million MKD (38%)** and **628.4 million MKD (58%)**, respectively. Meanwhile, regional institutions such as the **Tetovo Clinical Hospital (863.8 million MKD)** and the **Health Center of Skopje (958.8 million MKD)** report **over 40% of awards as single-bid**.

Table 7. Top 10 Contracting Institutions by Total Procurement Value (January, 2023–April, 2025)

Rank	Contracting Institution (English Translation)	Total Awards	% Single	Total Value (mil. MKD)	% Single
1	Ministry of Health	166	42%	9,948	72%
2	University Clinic for Radiotherapy and Oncology	236	44%	4,347	60%
3	Clinic for Pediatric Diseases	359	44%	2,096	89%
4	City General Hospital “8th of September”	1,034	44%	2,054	54%
5	Clinic for Hematology	168	37%	1,515	38%
6	Clinic for Cardiology	329	38%	1,080	58%
7	Health Center Skopje	284	44%	959	54%
8	University Clinic for Neurology	98	65%	919	90%
9	Clinical Hospital Tetovo	435	43%	864	46%
10	Institute for Transfusion Medicine	146	47%	820	77%

7. Contract Value Overruns and Integrity Risks

The analysis of procurement overruns in the health sector for the period January, **2023–April, 2025** reveals a clear and troubling pattern of systemic inefficiency, where in 87 cases, 0.44% of total awards, the **contracted values exceed the government’s estimated prices by 13% to 16%**, year after year. Such deviation suggests **inaccurate budget planning, limited competition, and weak cost control mechanisms**. The data suggest that overruns are no longer isolated cases but a structural feature of public procurement, particularly in tenders for medical equipment, consumables, and hospital support services.

In **2023**, the trend of inflated contract values became evident across major university clinics. The most notable case was at the **Clinic for Traumatology, Orthopedic Diseases, Anesthesia, and Reanimation in Skopje**, where the procurement of *spinal implant materials* reached a

final value of **74.3 million MKD**, surpassing the estimated **61.9 million MKD** by **12.4 million MKD**, or **20%**. Another tender in the same clinic, for *femur and tibia fixation pins*, exceeded its planned value by the same percentage, with a contract signed at **38.9 million MKD** instead of **32.4 million MKD**. Both procedures were formally open but attracted only **one or two valid offers**, confirming that even “open” tenders operate under conditions of **restricted competition** i.e. reflecting broader structural constraints affecting market competition.

That same year, the **Clinic for Pediatric Diseases** showed similar inefficiencies in laboratory-related procurements. The purchase of *blood culture cultivation substrates* cost **10.57 million MKD**, or **1.7 million MKD (19%) more than estimated**. Despite being a relatively routine procurement, the tender received only a single offer, again illustrating how **low participation can be accompanied by cost overruns**. Regional hospitals followed the same pattern: the **General Hospital in Gevgelija** recorded an **18.7% overrun** in a contract for *hospital catering services*, while the **Institute for Transfusion Medicine** exceeded estimates by **4.8%** on a large contract for *blood donation bags and consumables*, even though three bids were received. These examples suggest that overruns occur **even when competition exists**, pointing to weak reference pricing and outdated market research during the planning stage.

By **2024**, the issue became more widespread, with the average excess for those with over-runs increasing to nearly **19%**. Institutions such as the **Clinic for Hematology** and the **Clinic for Cardiology** reported repeated deviations between planned and contracted values in tenders for *diagnostic reagents, calibration materials, and maintenance services*. The **City General Hospital “8th September”** saw one of the largest annual overrun totals, exceeding its combined estimated values by more than **110 million MKD**, mainly in procurements for *medical consumables and cleaning services*. These were mostly single-bid tenders, showing that **the combination of weak competition and cost underestimation** continued to drive price inflation.

In **April, 2025**, preliminary data suggest that overruns became even more pronounced, reaching an average of **22%** above estimated values, despite a reduction in the number of total awards. The **University Clinic for Radiotherapy and Oncology** registered one of the most significant single-year increases, with a contract for *radiation protection materials and maintenance services* exceeding its planned value by **20%**. The **Clinical Hospital in Bitola** also reported multiple cases of overspending, particularly for *security and hospital cleaning services*, with final prices rising by **15–20%**. Even small and medium-size health institutions, such as local health centers, experienced 10–15% deviations for some procedures.

Across all three years, the **average number of offers per tender declined steadily**, from around **1.8 in 2023 to 1.5 in April, 2025**, illustrating the shrinking space for genuine market competition. Over **two-thirds of the tenders with price overruns were single-bid procedures**, suggesting that limited competition is **strongly associated with** higher financial inefficiency. Moreover, the same vendors repeatedly appear in these high-overrun contracts, particularly **Biotek, Sinmed, and Farmahem**, which points to a **stable but narrow supplier base** that reinforces dependency and reduces cost transparency.

This pattern of rising overruns, coupled with weak competition, underscores a **fundamental flaw in procurement governance**. The fact that contract prices surpass planned values suggests that **market analysis is either superficial or absent**, that **reference prices are not updated**, and that **contracting authorities lack internal controls to question abnormally high**

offers. In practical terms, this means that the health system is sometimes paying 15–25% more than planned for essential goods and services, diverting limited public funds from other urgent needs.

In conclusion, the January, 2023–April, 2025 overrun data demonstrate a **systemic erosion of value-for-money principles** in healthcare procurement. Overruns are no longer a budgeting anomaly; they have become a structural indicator of weak planning, limited supplier competition, and insufficient oversight. Without stronger pre-tender market research, mandatory justification of price deviations, and regular audits of high-risk categories such as implants, reagents, and maintenance services, these inefficiencies will persist, silently draining resources from an already **underfunded public health system.**

Table 8. Top 10 Procurements with the Highest Contract Value Overruns (January, 2023–April, 2025)

Year	Contracting Institution	Subject of Procurement	Procedure Type	Estimated Value (mil. MKD)	Contracted Value (mil. MKD)	Difference (MKD)	% Overrun	No. of Offers
2023	Clinic for Traumatology , Orthopedic Diseases, Anesthesia & Reanimation – Skopje	Spinal implant materials	Open	61,9	74,340,000	+12,4	+20%	2
2023	Clinic for Pediatric Diseases – Skopje	Blood culture reagents	Open	8,9	10,6	+1,7	+19%	1
2023	General Hospital Gevgelija	Hospital catering services	Open	6,3	7,5	+1,2	+18.7%	1
2024	Clinic for Hematology – Skopje	Diagnostic reagents	Open	44,2	52,3	+8,1	+18.3%	2
2024	Clinic for Cardiology – Skopje	Maintenance of diagnostic equipment	Open	23,1	27,2	+4,1	+17.7%	1
2024	City General Hospital “8th September” – Skopje	Cleaning and disinfection services	Open	84,6	97,9	+13,3	+15.7%	1
2024	Institute for Transfusion Medicine – Skopje	Blood collection consumables	Open	69,4	72,7	+3,3	+4.8%	3
April , 2025	University Clinic for Radiotherapy and Oncology – Skopje	Radiation protection materials & maintenance	Open	58,2	69,9	+11,7	+20.1%	2
April , 2025	Clinical Hospital Bitola	Security and cleaning services	Simplified Open	9,8	11,6	+1,8	+18.4%	1
April , 2025	Health Insurance Fund of North Macedonia	Software maintenance and upgrade	Open	10,6	12,7	+2,1	+19.8%	2

8. Buyer–Vendor Connections and Network Concentration

The analysis of buyer–vendor relationships across the health sector reveals a **highly concentrated procurement network**, where a small group of medical suppliers maintains long-standing and repeated contracting ties with key public healthcare institutions. These enduring patterns, illustrate not only the structural dependency of hospitals on certain vendors but also the **limited rotation and diversity of suppliers**, which is one of the most significant red flags in assessing corruption and market capture risks.

At the center of this network stands the **City General Hospital “8th September” in Skopje**, which appears as the single most active contracting institution by both number and value of procurements. The hospital awarded over **500 contracts annually**, with repeated and high-value engagements with companies such as **Alkaloid Kons, Profarm, Sinmed, Kubis Medikal, and Biotek**. These five suppliers together captured **over 60% of the hospital’s total procurement value**, amounting to approximately **600–700 million MKD** per year. Notably, **Sinmed had 31 contracts totaling 173.5 million MKD**, with an exceptionally high **96.8% single-bid rate**, while **Biotek and Kubis Medikal** each held contracts exceeding **170 million MKD**, both with **69% single-bid shares**.

This pattern demonstrates that “8th September” operates within a **closed supplier circle**, where the same firms consistently win major tenders regardless of procedure type.

Another clear example of supplier concentration can be seen at the **University Clinic for Radiotherapy and Oncology**, which maintains recurring contracts with **Alkaloid Kons, Avicena, and Biotek**. Together, these three companies account for **over 70% of the Clinic’s total procurement value**, mostly related to **high-cost pharmaceutical and laboratory materials**.

Similarly, the **Clinic for Pediatric Diseases** shows a strong dependency on **Biotek and Avicena**, particularly for **laboratory reagents and diagnostic kits**, where both suppliers appear repeatedly across multiple tenders.

The **Institute for Transfusion Medicine** also demonstrates supplier continuity, with **Biotek** supplying **blood bags, reagents, and test materials** under contracts totaling **over 80 million MKD**. Although this institution occasionally receives more than one offer, the same supplier typically wins due to **technical specifications** that implicitly match its product range, reflecting tender designs that **may inadvertently favor incumbent suppliers**. For example, instead of describing the goods in functional terms (e.g. volume, sterility standards, compatibility with standard transfusion equipment) and providing for “equivalent” products, the tenders may prescribe specific types of blood bags and reagents linked to a particular analyser system, which only the incumbent distributor can supply.

At the regional level, hospitals in **Tetovo, Prilep, and Bitola** show similar dependency structures but at a smaller monetary scale. For example, the **Clinical Hospital in Tetovo** repeatedly awarded tenders to **Avicena and Biotek**, with over **160 million MKD** in contracts and a **96.4% single-bid rate** for 2023 alone. These hospitals tend to rely on a narrow pool of Skopje-based suppliers, illustrating how **geographic centralization** reinforces market dependency and weakens local supplier participation.

Across the dataset, the most dominant vendors by contract value are **Biotek, Remedika, Alkaloid Kons, Avicena, Profarm, and Sinmed**. Each of these companies supplies between **8 and 12 different hospitals or institutes**, forming an interlinked network that effectively controls the supply of critical goods in the public health system. For instance:

- **Biotek** is linked to at least **eight institutions**, with total contract value exceeding **700 million MKD** and an average single-bid rate of **68%**;
- **Avicena** supplies **seven major hospitals**, with **805 million MKD in total contract value** and **80% single-bid share**;
- **Alkaloid Kons** contracts with both hospitals and ministries, reaching **250 million MKD in cardiology alone** and a **69% single-bid rate**;

From a governance standpoint, these patterns could indicate **heightened dependency on a limited group of suppliers**. Over time, this creates **dependency loops** in which institutions are both financially and operationally tied to a few dominant firms.

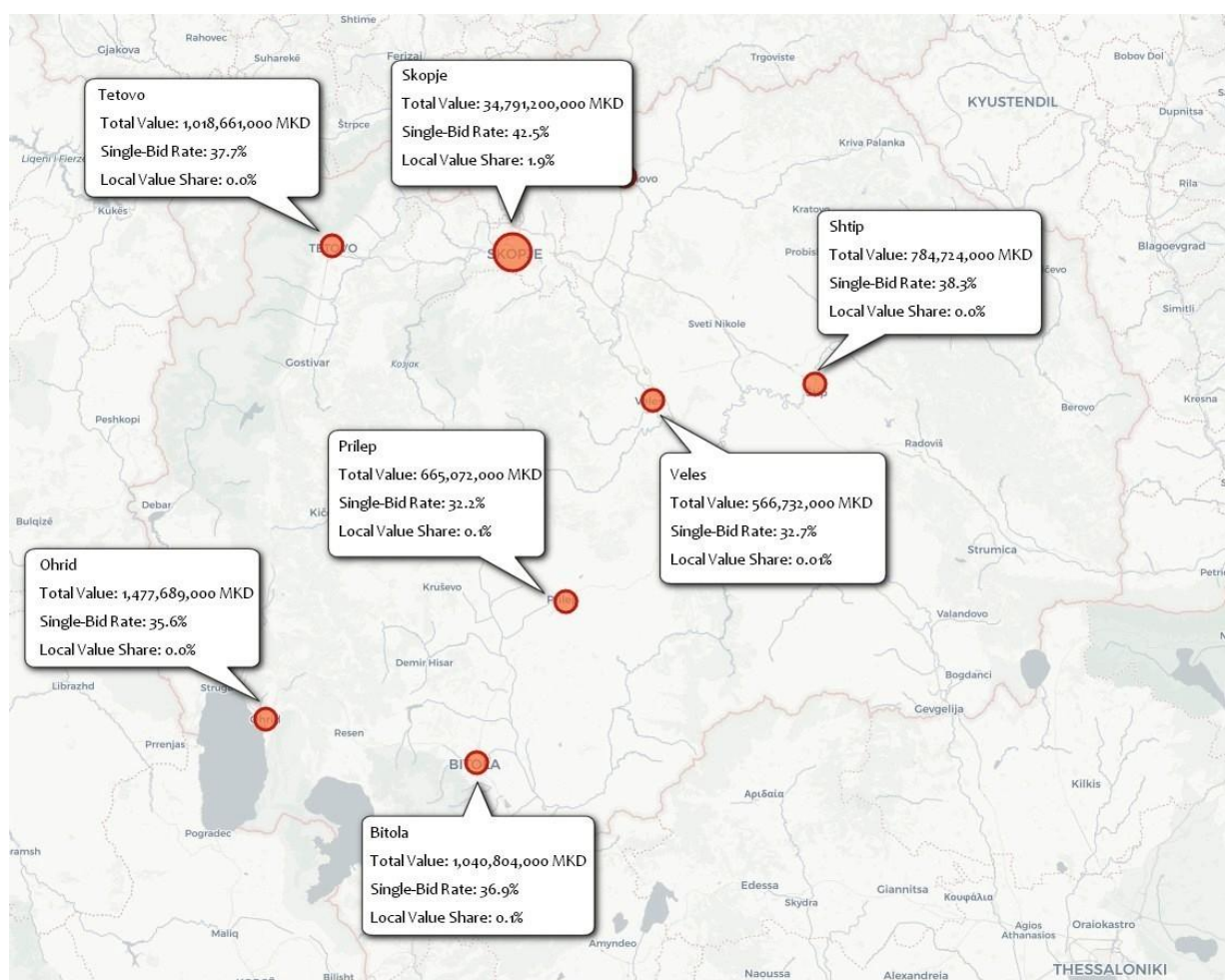
Table 9. Illustrative Examples of Buyer–Vendor Relationships (January, 2023–April, 2025)

Contracting Institution	Vendor	Number of Contracts	Total Value (mil. MKD)	% Single-Bid Awards	Notes
City General Hospital “8th September”	Sinmed	31	173,5	96.8%	Medical equipment, consumables
City General Hospital “8th September”	Biotek	39	170,1	69.2%	Laboratory supplies
Clinic for Cardiology – Skopje	Alkaloid Kons	26	255,3	69.2%	Pharmaceuticals
Clinical Hospital Tetovo	Avicena	28	165,3	96.4%	Diagnostic reagents
Institute for Transfusion Medicine	Biotek	33	80,1	66.7%	Blood testing materials
Clinic for Pediatric Diseases	Avicena	41	64,3	80.5%	Laboratory reagents
Clinic for Traumatology – Skopje	Alkaloid Kons	25	50,4	52.0%	Orthopedic supplies
Clinic for Traumatology – Skopje	Profarm	53	101,3	37.7%	Surgical materials
Faculty of Medicine – Skopje	Biotek	39	170,1	69.2%	Educational and clinical supplies

9. Geographic Distribution of Procurement

The analysis of procurement activity across cities in North Macedonia shows an **extreme geographic concentration** of public spending in the health sector. The capital city **Skopje** overwhelmingly dominates the procurement landscape in terms of the procuring agencies, followed by **Ohrid** and **Bitola**, together accounting for **over 85% of all procurement value** nationwide. This pattern reflects the strong centralization of healthcare infrastructure and procurement authority in the capital, with peripheral cities showing significantly smaller and more localized procurement volumes, as expected.

Figure 1. Geographic Concentration of Healthcare Procurement Value in North Macedonia by procuring agency (January, 2023 – April, 2025)



9.1. Skopje: Centralization and Systemic Dependence

Skopje stands as the undisputed hub of healthcare procurement, with **9,248 awards** and a total value of **34.8 billion MKD**, representing nearly **78% of the national total**. The city's single-bid rate stands at **42.5%**, above the national average, underscoring both its procurement dominance and its vulnerability to limited competition.

9.2. Ohrid and Bitola: Secondary Hubs with Moderate Competition

After Skopje, **Ohrid** ranks second, with **1,215 awards totaling 1.47 billion MKD**, followed closely by **Bitola** with **1,117 awards worth 1.04 billion MKD**. Although their procurement volumes are smaller, both cities maintain **slightly lower single-bid shares (35–37%)**, indicating a **more competitive local environment**.

However, both rely heavily on Skopje-based suppliers for key medical goods. In Bitola, for example, nearly all laboratory and reagent contracts were awarded to **Biotek** and **Avicena**, while the **local value share** remains only **0.1%**, confirming minimal participation from locally registered businesses. Ohrid shows an identical pattern: despite being a major regional medical hub with one of the largest hospitals in the southwest, **none of its 1.47 billion MKD in procurement** was awarded to local vendors.

9.3. Regional Hospitals: Fragmented and Marginalized Procurement

Outside the top three cities, most regional hospitals manage annual procurement values below **700 million MKD**, with correspondingly low competition rates in terms of number of single-bid tenders. Cities such as **Tetovo**, **Štip**, **Struga**, **Kumanovo**, and **Prilep** each show between **300–800 million MKD** in annual spending, with single-bid rates clustering around **35–40%**.

A consistent finding across these municipalities is the near absence of **local supplier participation**. Out of over **19,000 total awards** nationally, only **167 local contracts were recorded in Skopje** and fewer than **10 in any other city**. This indicates that **local economic impact from healthcare procurement is minimal**, as most of the value circulates between the same central vendors and Skopje-based institutions.

The city of **Kumanovo** is the only partial exception, where **local awards make up about 4% of total value (27 million MKD)** — primarily contracts for maintenance and catering services. Nonetheless, even here, medical and pharmaceutical supplies remain fully outsourced to capital-based suppliers.

Table 10. Procurement Volume and Competition by City (January, 2023–April, 2025)

City	Total Awards	Single-Bid Rate	Total Value (mil. MKD)	Local Value Share
Skopje	9,248	42.5%	34,791	1.9%
Ohrid	1,215	35.6%	1,478	0.0%
Bitola	1,117	36.9%	1,041	0.1%
Tetovo	822	37.7%	1,019	0.0%
Štip	582	38.3%	785	0.0%
Kumanovo	813	39.9%	669	4.1%
Prilep	553	32.2%	665	0.1%
Veles	762	32.7%	567	0.01%

10. Recommendations: How the State Should Act and Reform Pathways

Addressing the systemic weaknesses identified in the analysis requires a **coordinated integrity reform**, combining legal, institutional, and digital measures to improve transparency and accountability in healthcare procurement.

10.1. Strengthen competition and supplier diversity

- Consider **re-tendering** when fewer than two valid offers are received.
- Simplify registration and pre-qualification procedures for new or regional suppliers to **expand market participation**.
- Promote **joint procurement frameworks** for smaller hospitals to leverage economies of scale without losing transparency.

10.2. Enhance transparency through digital oversight

- Develop a **centralized public procurement dashboard** for healthcare that shows all tenders, bids, and price deviations in real time.
- Publish all contract amendments and post-tender reports to ensure public traceability of spending.
- Use **automated red-flag systems** (like Hungary's Public Procurement Risk Index) to detect repetitive single-bid or vendor-dependent patterns early.

10.3. Introduce price verification and audit mechanisms

- Establish a **reference price database** for key medical goods and consumables.
- Require institutions to justify to the Procurement Bureau any contract exceeding reference prices by more than 10%.
- Mandate **independent pre-award audits** for tenders above a defined threshold (e.g., MKD 50 million).

10.4. Build institutional accountability and capacity

- Empower the **State Commission for Public Procurement Complaints** and the **State Audit Office** to review healthcare tenders proactively rather than reactively.
- Introduce **conflict-of-interest declarations** for officials handling tenders above MKD 10 million.
- Incorporate **anti-corruption clauses** into all supplier contracts with explicit sanctions for collusion or bid manipulation.

10.5. Strengthen regional participation and local development

- Encourage the hospitals in each region to cooperate with each other on procurement of goods and services to build **local supplier capacity**.
- Pilot regionally **decentralized procurement hubs** in Bitola and Tetovo to ensure regional transparency and open competition.
- Provide targeted support to SMEs through training and public tenders published in bilingual (Macedonian and Albanian) or simplified formats.

10.6. Improve data quality and public reporting

- **Standardize** institutional names, supplier identifiers, and categories across the procurement database to ensure comparability.
- Require **quarterly public reports from the Ministry of Health** summarizing procurement performance, red-flag cases, and follow-up actions.

10.7. Foster civil society and media oversight

- Institutionalize collaboration between independent watchdogs like ESE and other civil society organizations through data-sharing agreements and joint training programs on monitoring procurement.
- Encourage investigative journalism and technology tools that civil society actors can use to monitor tenders, contracts, and supplier concentration trends.



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