REPORT

PUBLIC PROCUREMENT AND THE EFFICIENCY OF PUBLIC EXPENDITURE IN THE HEALTH SECTOR IN 2025

TABLE OF CONTENTS

TABLE AND FIGURES

ABBREVIATION

PPA	Public Procurement Agency
EO	Economic Operator
SPPD	Standard Procurement Procedure Documents
CHIF	Compulsory Health Insurance Fund
PPC	Public Procurement Commission
PPL	Public Procurement Law
MF	Ministry of Finance
MoHSW	Ministry of Health and Social Welfare
WHO	World Health Organization
EO	Economic Operator
GDP	Gross Domestic Product
PPR	Public Procurement Rules

INTRODUCTION

This report presents the findings of the monitoring of public expenditure in the healthcare sector during 2025, with a particular focus on budget planning and implementation. Specifically, the report aims to assess the alignment between planned and actual expenditures, the structure of expenditures by major budget categories, as well as the efficiency of public fund utilization. In parallel, it analyses the public procurement procedures conducted by the Ministry of Health and Social Welfare (MoHSW).

Although several public institutions conduct procurement procedures in the healthcare sector, this report focuses on those implemented by the MoHSW, as procurement within the healthcare system, particularly related to medicines, medical equipment, and healthcare services, is generally managed by this institution. In this way, the analysis provides a comprehensive overview of how public funds in this sector are planned and utilized, while identifying deviations from the initial budget planning.

The analysis focuses on assessing the level of budget implementation, transparency, and efficiency in the use of public funds by examining budget execution data and actual expenditures in the healthcare sector. It also reviews public procurement practices, comparing procurement planned in the state budget with procurement actually carried out, in order to identify key factors affecting the implementation of procurement procedures and public financial management in this sector.

The specific objectives of the report include: analysing the level of budget execution in the healthcare sector during 2025; identifying discrepancies between planned and actual expenditures by major budget categories; analysing the number and types of procurement procedures conducted during 2025; assessing compliance with the Public Procurement Law and secondary legislation governing public procurement; evaluating the use of Standard Procurement Documents (SPDs) by contracting authorities; assessing the participation of economic operators and the use of framework agreements; identifying issues related to transparency and access to procurement data; and providing concrete recommendations for improving financial management and the public procurement system in the healthcare sector.

This report is intended to serve as an analytical tool for public institutions, civil society organisations, and the wider public, contributing to increased accountability, transparency, and improved management of public funds in the healthcare sector.

KEY FINDINGS

Although healthcare expenditure has increased in nominal terms over the years, its share of both GDP and the state budget remains low, at only 2.9%, indicating that the healthcare sector has not been sufficiently prioritised in public expenditure.

Monitoring of the MHSW's actual budget execution in the healthcare sector reveals weaknesses in expenditure planning and reporting, including the lack of cost analysis and unjustified budget deviations, particularly in primary healthcare.

In 2025, a public procurement procedure entitled "Supply and Installation of Medical Equipment for Healthcare Institutions", structured into five lots, demonstrated several positive features in terms of compliance with public procurement principles and the promotion of effective competition.

The procurement procedure attracted strong participation from economic operators, reflecting considerable market interest and effective competition. In several lots, all participating operators qualified for evaluation, allowing full competition and the award of contracts based on the lowest-priced bid.

The procurement procedure generated significant savings for the public budget through competitive bidding, with substantial differences between the estimated contract value and the winning bids, reflecting effective market competition rather than the submission of abnormally low tenders.

The substantial differences between the estimated contract value and the winning bids indicate that cost estimates did not fully reflect market prices, highlighting the need to strengthen budget planning and cost estimation despite the procedure's effective competition and positive economic outcomes.

I - 2025 HEALTHCARE BUDGET

The analysis of public expenditure in the healthcare sector for 2025 is based on publicly available information obtained from the official websites of the Government of Albania, the Ministry of Health and Social Protection (MoHSP), the Ministry of Finance (MoF), and the Compulsory Health Insurance Fund (CHIF), as well as on their published budget execution and monitoring reports.

For the purpose of analysing public expenditure in the healthcare sector, actual budget expenditure includes both the MoHSP's expenditure allocated to the healthcare sector and the revenues of the Compulsory Health Insurance Fund (CHIF). In 2025, total public expenditure on healthcare amounted to ALL 76.6 billion, representing 2.9% of Gross Domestic Product (GDP) and 9.6% of total public expenditure.

In nominal terms, public expenditure on healthcare has increased steadily throughout the 2018–2025 period, rising from ALL 49 billion in 2018 to approximately ALL 76.6 billion in 2025. However, this nominal increase has not been reflected in healthcare expenditure as a share of GDP, which has fluctuated between 2.7% and 3.4% and, in recent years, has remained below its 2018 level. A similar trend is observed in healthcare expenditure as a share of total public expenditure, which, after peaking in 2021, has stabilised at approximately 9.6% over the past three years.

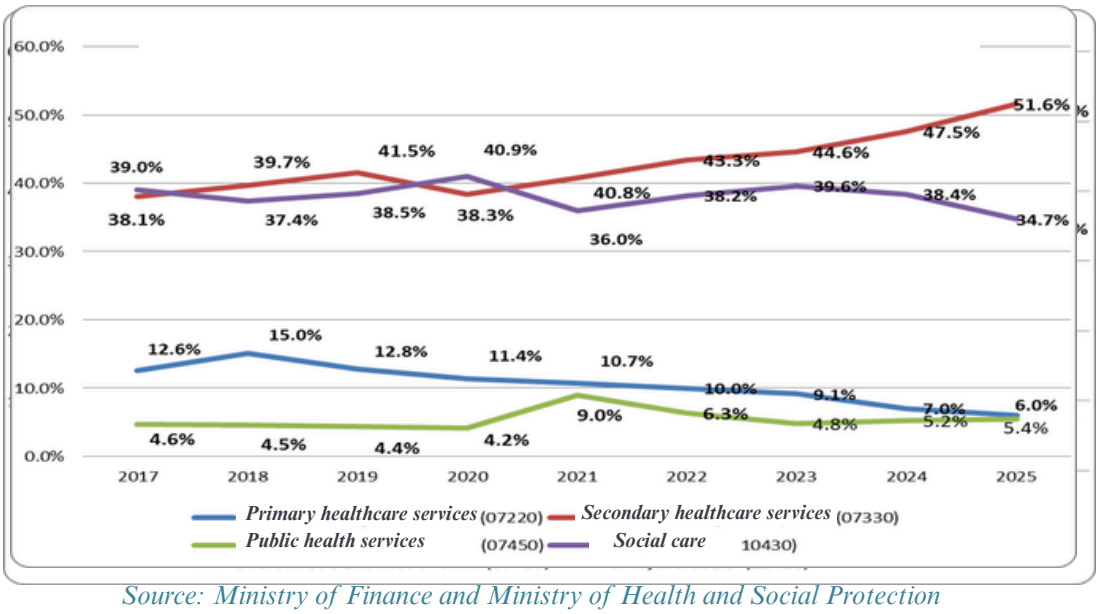
Table 1: Functional Healthcare Expenditures Over the Years

	2018	2019	2020	2021	2022	2023	2024	2025
*Shpenzimet funksionale Shëndetësi (**në milionë lekë**)*	49,004	51,182	51,590	63,620	65,501	64,697	69,750	76,637
Shpenzimet e shëndetësisë ndaj PBB	3.0%	3.0%	3.1%	3.4%	3.0%	2.7%	2.8%	2.9%
Shpenzimet e shëndetësisë ndaj SHPP	10.3%	10.4%	9.6%	10.7%	10.1%	9.6%	9.6%	9.6%
*PBB Nominale (**në milionë lekë**)*	1,660,820	1,712,037	1,655,984	1,866,672	2,149,742	2,364,276	2,517,820	2,642,509
*Shpenzimet e Përgjithshme Publike (**në milionë lekë**)*	476,147	491,897	536,279	596,279	651,015	674,857	728,572	801,694

Source: Ministry of Finance and Ministry of Health and Social Protection.

Actual expenditure by the MoHSP's main budget programmes reflects differing trends across the components of the healthcare system. In particular, expenditure on primary healthcare has shown a continuous downward trend, indicating a slowdown in investment and financing at this fundamental level of service delivery. In contrast, expenditure on secondary healthcare has increased steadily, reflecting growing demand for specialised healthcare services and increasing pressure on hospital financing. Expenditure on social protection has remained highly stable over the years, accounting for an average of approximately 38.5% of the MoHSP's total budget. This stability reflects the established nature of the social protection programmes and support schemes administered by the Ministry.

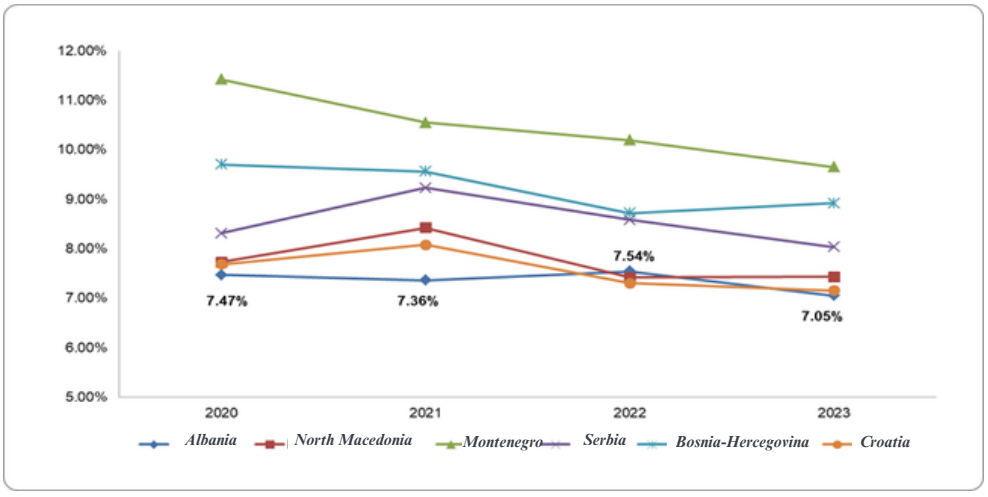
Figure 1: Actual Expenditures Over the Years



Source: Ministry of Finance and Ministry of Health and Social Protection

The latest World Health Organization (WHO) data for 2023 show that Albania continues to rank last in the region in terms of current health expenditure as a share of GDP, at approximately 7%. In contrast, other countries in the region allocate a considerably larger share of their GDP to current health expenditure, with the highest level reaching 9.65% of GDP.

Figure 2: Healthcare expenditure as a percentage of GDP in the region

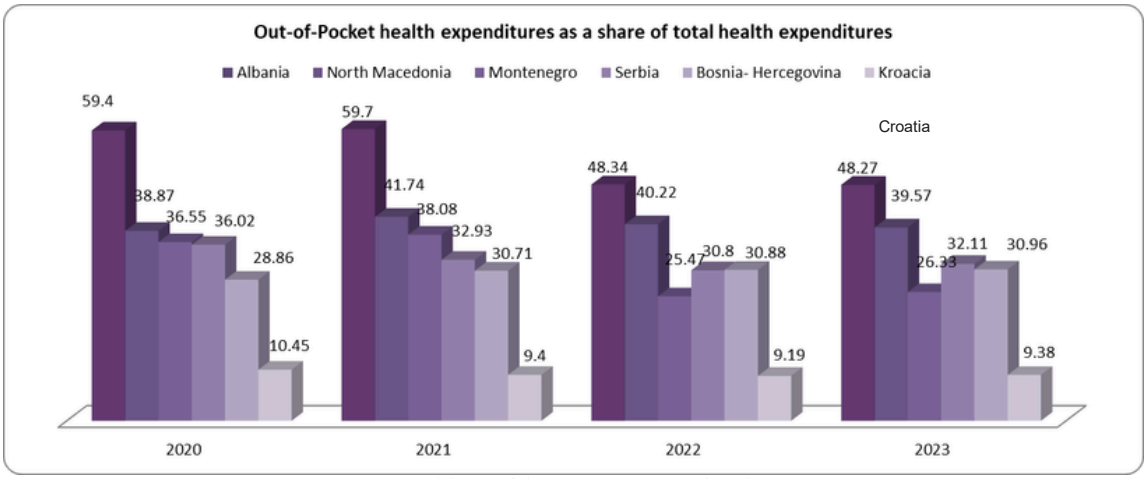


Source: World Health Organization database, 2026

WHO data indicate that Albania continues to have the highest share of out-of-pocket health expenditure in the region. While this share declined from 59.4% of current health expenditure in 2000 to 48.27% in 2023, it remains the highest among regional comparator countries.

https://www.who.int/data/gho/data/indicators/indicator-details/GHO/current-health-expenditure-(che)-as-percentage-of-gross-domestic-product-(gdp)-(-)
https://www.who.int/data/gho/data/indicators/indicator-details/GHO/out-of-pocket-expenditure-as-percentage-of-current-health-expenditure-(che)-(-)

Figure 3: Out-of-Pocket payments as a share of healthcare expenditure



Source: World Health Organization database, 2026

1.1 Budget Planning and Execution by Programmes

1.1.1 "Primary Healthcare Services" Programme

The Primary Health Care Services Programme remains the foundation of Albania's healthcare system, providing first-contact medical services through family physicians and primary healthcare centres. The 2025 budget analysis shows that this programme experienced the largest budget reduction within the health sector. The initial allocation of approximately ALL 6.8 billion was reduced by ALL 1.89 billion during the year, while capital investments were cut by 63%. Although over 91% of the programme's budget consisted of transfers to the Health Insurance Fund for reimbursable medicines and the national check-up programme, no dedicated funding was allocated for Home-Based Care (HBC) despite the nationwide rollout of the service.

Budget execution reached almost 100% of the revised budget; however, this reflects the significant downward revision of the initial plan rather than improved implementation. Compared to the original allocation, only about 72% of the planned budget was ultimately executed. Core services, including primary care consultations, preventive check-ups and reimbursable prescriptions, achieved implementation rates of around 95–97%, ensuring continuity of essential healthcare services. Nevertheless, the report highlights weaknesses in financial reporting, particularly the lack of consolidated cost information across different financing sources, limiting transparency and performance assessment.

A major finding of the report is the absence of Home-Based Care (HBC) as a distinct budgetary product. Although the service has been expanded to all 356 primary healthcare centres and currently serves around 5,000 patients, it continues to operate without a dedicated budget line, demonstrating a clear mismatch between health policy commitments and public financing. The report also identifies significant shortcomings in investment planning, including substantial reductions in domestically financed capital projects and limited information on the results achieved through externally financed investments. Overall, the findings indicate that primary healthcare remains underfunded, with budget planning and resource allocation falling short of supporting the sector's strategic priorities.

https://www.who.int/data/gho/data/indicators/indicator-details/GHO/out-of-pocket-expenditure-as-percentage-of-current-health-expenditure-(che)-(-)

1.1.2 "Secondary Healthcare Services" Programme

The Secondary Healthcare Services Programme aims to ensure the provision of specialised hospital care and emergency medical services, improving the quality and accessibility of inpatient healthcare across the country. Since 2023, the programme has also included the financing of the National Emergency Medical Service. It remains the largest programme within Albania's health budget.

In 2025, the programme was initially allocated ALL 39.4 billion, with approximately 87% of the budget transferred to the Health Insurance Fund (FSDKSH) to finance hospital services. During the year, the budget increased by ALL 2.6 billion, mainly to cover additional pharmaceutical expenditures for hospitals, while capital investments increased by ALL 407 million. Budget execution reached almost 100% of the revised allocation, indicating a high level of financial implementation.

Despite this strong financial performance, the report highlights significant weaknesses in budget planning and reporting. The Ministry does not explain the reasons for major budget revisions, particularly for externally financed projects, nor does it provide information on the physical progress or results of capital investments, limiting transparency and accountability.
Most operational outputs were achieved as planned; however, the financing of the National Emergency Medical Service illustrates shortcomings in budget planning. While the service handled 143,437 emergency cases, significantly exceeding the planned 120,000 cases, its budget was reduced during the year, suggesting a mismatch between actual service demand and allocated resources.

The report also identifies considerable challenges in public investment management. Numerous capital projects experienced delays or were only partially implemented, while several planned projects were cancelled and new projects were introduced during the fiscal year. The absence of explanations for these changes, together with the lack of performance indicators and analysis of hospital outcomes, limits the report's usefulness as a tool for monitoring efficiency and accountability. Furthermore, no assessment is provided on the implementation of the hospital autonomy reform or on the performance of major regional hospitals. Overall, the programme demonstrates strong financial execution but continues to face weaknesses in strategic planning, investment management, and performance reporting.

1.1.3 "Public Health Services" Programme

The Primary Health Care Services Programme remains the foundation of Albania's healthcare system, providing first-contact medical services through family physicians and primary healthcare centres. The 2025 budget analysis shows that this programme experienced the largest budget reduction within the health sector.

The initial allocation of approximately ALL 6.8 billion was reduced by ALL 1.89 billion during the year, while capital investments were cut by 63%. Although over 91% of the programme's budget consisted of transfers to the Health Insurance Fund for reimbursable medicines and the national check-up programme, no dedicated funding was allocated for Home-Based Care (HBC) despite the nationwide rollout of the service.

Budget execution reached almost 100% of the revised budget; however, this reflects the significant downward revision of the initial plan rather than improved implementation. Compared to the original allocation, only about 72% of the planned budget was ultimately executed. Core services, including primary care consultations, preventive check-ups and reimbursable prescriptions, achieved implementation rates of around 95–97%, ensuring continuity of essential healthcare services. Nevertheless, the report highlights weaknesses in financial reporting, particularly the lack of consolidated cost information across different financing sources, limiting transparency and performance assessment.

A major finding of the report is the absence of Home-Based Care (HBC) as a distinct budgetary product. Although the service has been expanded to all 356 primary healthcare centres and currently serves around 5,000 patients, it continues to operate without a dedicated budget line, demonstrating a clear mismatch between health policy commitments and public financing. The report also identifies significant shortcomings in investment planning, including substantial reductions in domestically financed capital projects and limited information on the results achieved through externally financed investments. Overall, the findings indicate that primary healthcare remains underfunded, with budget planning and resource allocation falling short of supporting the sector's strategic priorities.

II - ANALYSIS OF PUBLIC PROCUREMENT PROCEDURES IN 2025

Public procurement continued to play a central role in Albania's public financial management system in 2025, serving as the primary mechanism through which public institutions acquired goods, services and works necessary for the delivery of public services. In the healthcare sector, procurement is particularly significant because it directly affects the availability of medicines, medical equipment, consumables and specialised healthcare services, while also influencing the efficiency of public expenditure and the quality of healthcare delivery. The report emphasises that procurement should not be viewed solely as an administrative process, but as a strategic instrument for ensuring value for money, transparency and accountability in the use of public resources.

The report notes that public procurement in 2025 continued to be implemented under the framework of the Public Procurement Law and its implementing regulations, with procurement procedures conducted through the national electronic procurement system. This framework is designed to guarantee the fundamental principles of public procurement, including transparency, equal treatment of economic operators, non-discrimination, proportionality and effective competition. The electronic procurement platform has improved access to procurement opportunities and increased the transparency of procurement processes by making tender documentation and procurement information publicly available.

Despite these institutional improvements, the report identifies several challenges that continue to affect procurement performance. Effective procurement depends not only on compliance with legal requirements but also on realistic procurement planning, accurate estimation of contract values, adequate market analysis and sound contract management. Weaknesses at the planning stage can reduce the efficiency of procurement procedures, affect competition and ultimately limit the achievement of value for money. Consequently, the report stresses that procurement planning should be better aligned with budget planning and the actual needs of public institutions.

Within the healthcare sector, public procurement represents a substantial share of public expenditure and has a direct impact on the continuity and quality of healthcare services. For this reason, the report highlights the importance of systematically monitoring procurement practices to assess the level of competition, transparency, efficiency and compliance with procurement principles. Such monitoring makes it possible to identify weaknesses in procurement planning and implementation, evaluate procurement outcomes against budget execution, and provide evidence-based recommendations to strengthen public financial management and improve the effectiveness of healthcare procurement.

2.1 Methodology and Limitations of the 2025 Public Procurement Analysis

The report applies a mixed-methods approach to assess the efficiency, transparency, and competitiveness of public procurement in Albania's healthcare sector during 2025. The analysis combines budget monitoring with an in-depth review of procurement procedures in order to evaluate whether public resources were planned and used efficiently, while also assessing compliance with public procurement principles. Particular attention is given to procurement procedures conducted by the Ministry of Health and Social Welfare (MoHSW), as these account for the largest and most strategic procurements in the healthcare sector, including medicines, medical equipment, and specialised services.

The analysis is based primarily on publicly available data obtained from official institutional sources. These include information published by the Public Procurement Agency (PPA), the Ministry of Health and SocialWelfare, the Ministry of Finance, the Compulsory Health Insurance Fund (CHIF), the Public Procurement Commission, and other official government databases.

The report also draws on procurement documentation, including tender notices, tender dossiers, contract award decisions, budget execution reports, and other publicly accessible documents. The use of official data ensures the reliability and comparability of the findings while enabling a systematic assessment of procurement performance and budget execution.

To evaluate procurement performance, the report employs both quantitative and qualitative analytical methods. Quantitative analysis focuses on indicators such as the number and value of procurement procedures, participation of economic operators, competition levels, budget execution, savings generated through procurement, and the distribution of contracts. Qualitative analysis examines the content of the Standard Tender Documents, procurement planning practices, compliance with the legal framework, transparency, access to information, and factors that may have affected competition and procurement outcomes. The report also compares procurement results with budget implementation in order to assess the efficiency and value for money achieved through public spending.

The report recognises several limitations that should be considered when interpreting its findings. The analysis relies exclusively on publicly available information and therefore may not capture internal administrative documents or data that are not disclosed by public institutions. Furthermore, the assessment focuses on procurement procedures managed by the MoHSP and does not cover all procurement activities undertaken by other healthcare institutions. Despite these limitations, the methodology provides a robust basis for identifying systemic trends, assessing procurement performance, and formulating evidence-based recommendations to strengthen transparency, competition, and the efficient management of public resources in the healthcare sector.

2.2 Public Procurement Procedures Conducted by the MHSW in 2025

The Ministry of Health and Social Welfare (MoHSW) conducts public procurement procedures for the supply of medicines, medical equipment, and consumable medical supplies to meet the operational needs of public healthcare institutions.

In 2025, the Ministry conducted a public procurement procedure entitled "Supply and Installation of Medical Equipment for Healthcare Institutions", divided into five lots covering different categories of medical equipment.

Table 2: Summary of the Procurement Procedure by Lot

Procurement Object	Lot	Description	Estimated Contract	Publication Date	Closing Date
Supply and Installation	**Lot 1**	Multifunctional ultrasound	40,774,750	14.07.2025	13.10.2025
	Lot 2	Digital X-ray system and	19,150,052	14.07.2025	25.08.2025
	Lot 3	ECG defibrillators	12,576,707	14.07.2025	25.08.2025
	Lot 4	Oxygen therapy	2,642,270	14.07.2025	25.08.2025
	Lot 5	Autoclaves	4,832,800	14.07.2025	29.08.2025

The procedure encompassed a broad range of medical equipment, including multifunctional ultrasound systems, digital X-ray systems, ECG defibrillators, autoclaves, and other diagnostic and medical devices. The division into five lots allowed the procurement of different categories of equipment under a single procedure while enabling competition within each lot.

As this monitoring report focuses on a single procurement procedure, the analysis is limited to the assessment of that procedure and does not provide a comparative analysis of procurement trends or the overall volume of procurement activities carried out by the Ministry in previous years. Nevertheless, given its scope and value, the procedure provides a useful basis for assessing key aspects of procurement performance, including competition, transparency, and compliance with public procurement principles.

2.2.1 Limitations in Access to Procurement Documentation

Access to public procurement documentation remains restricted once procurement procedures have been completed and archived in the national electronic procurement system. Following the contract award and contract signature, the Contracting Authority (MoHSW) archives the procurement documentation in the electronic procurement system (app.gov.al), thereby limiting external access to these documents. As a result, key procurement documents, such as the Standard Tender Documents (STDs), bidders' submissions, and evaluation reports, are no longer publicly accessible without specific authorisation.

This limitation directly affects the ability to conduct a comprehensive assessment of procurement procedures and reduces the overall level of transparency. Moreover, alternative public sources do not provide access to the archived documentation, restricting opportunities for independent verification and a more detailed assessment of the procurement practices applied by the Contracting Authority.

2.2.2 Analysis of the Standard Tender Documents (STDs)

The Standard Tender Documents constitute the core legal and technical framework governing public procurement procedures. They define the procurement rules, participation requirements, evaluation criteria, technical specifications, and contractual conditions applicable to economic operators participating in a public tender.
The review of the STDs for the procurement procedure entitled "Supply and Installation of Medical Equipment for Healthcare Institutions", divided into five lots, shows that the procurement was structured as a public supply contract rather than a framework agreement. This indicates that the procurement concerned a clearly defined supply requirement, with specified quantities, identified beneficiary institutions, and fixed delivery deadlines, rather than future or undefined procurement needs.

A positive feature of the STDs is the clear and functional division of the procurement into five lots. Each lot groups equipment of a similar nature or functional purpose and separately specifies the estimated contract value, technical description, quantities, beneficiary institutions, and delivery schedule. This structure improves the clarity of the procurement documents for economic operators and, in principle, facilitates the participation of suppliers specialising in specific categories of medical equipment. The STDs also explicitly allow economic operators to submit bids for one, several, or all lots, thereby avoiding unnecessary restrictions on market access and promoting broader participation.

With regard to the economic and financial selection criteria, the STDs require economic operators to demonstrate an annual turnover for the financial years 2022-2024, with turnover in at least one of these years amounting to no less than 40% of the estimated contract value of the relevant lot or the combined value of the lots for which a bid is submitted. Similarly, bidders are required to demonstrate previous experience in comparable contracts with a value of at least 40% of the estimated contract value of the relevant lot or lots.

These thresholds do not appear, in themselves, to be disproportionate or overtly restrictive, particularly considering that full qualification of bidders was achieved in several lots. However, where economic operators submit bids for multiple lots, the cumulative effect of these requirements increases significantly and may favour larger companies with greater financial and operational capacity.

The Standard Tender Documents (STDs) also require economic operators to submit the technical catalogues for the products offered, with the relevant technical specifications highlighted in yellow. This is a common and justified documentary requirement intended to facilitate the verification of technical compliance. In practice, however, it places a considerable administrative burden on bidders, particularly where a lot comprises multiple items and the supporting technical documentation is extensive. Nevertheless, this requirement does not appear to be discriminatory in itself, as it primarily serves as a means of demonstrating compliance with the technical specifications.

With regard to the technical specifications, the STDs include an important general provision prohibiting references to specific trademarks, manufacturers, production processes, or origins, except in exceptional circumstances. Where such references are unavoidable, they must be accompanied by the expression "or equivalent."

This requirement is consistent with the principles established under Article 36 of the Public Procurement Law and, from a formal legal perspective, represents a positive feature of the procurement documentation. However, determining whether this principle has been effectively applied requires a detailed technical review of the specifications for each individual item.

2.2.3 Participation of Economic Operators and the Level of Competition

Across all five lots, the procurement procedure attracted a substantial number of participating economic operators, with the number of bids ranging from 7 to 13 per lot. This level of participation represents a positive indicator of market interest and demonstrates the existence of effective competition throughout the procurement process.

The number of bids submitted and the number of bids meeting the qualification requirements are presented below:

	Bids Submitted	Qualified Bids
Lot 1	10	10
Lot 2	7	7
Lot 3	13	11
Lot 4	9	6
Lot 5	9	6

Table 3: Economic Operators per Lot

In Lots 1 and 2, all participating economic operators satisfied the qualification requirements, with no bids being rejected. As a result, all submitted bids proceeded to the financial evaluation stage, allowing full competition among bidders. In both cases, contracts were awarded on the basis of the most economically advantageous tender (MEAT), using the lowest price as the award criterion. This indicates that the contract awards were determined through genuine price competition.

A different pattern was observed in Lots 3, 4, and 5, where the number of qualified bids was lower than the number of bids submitted. According to the contract award notices, however, the disqualifications were primarily attributable to deficiencies in the documentation submitted by bidders rather than to restrictive qualification or technical requirements. The most common shortcomings included missing financial documentation (such as evidence of annual turnover), incomplete self-declaration forms, the absence of declarations relating to the origin of goods or warranty commitments, missing conformity certificates (e.g. CE certificates), and, in a limited number of cases, inaccuracies in the financial proposal.

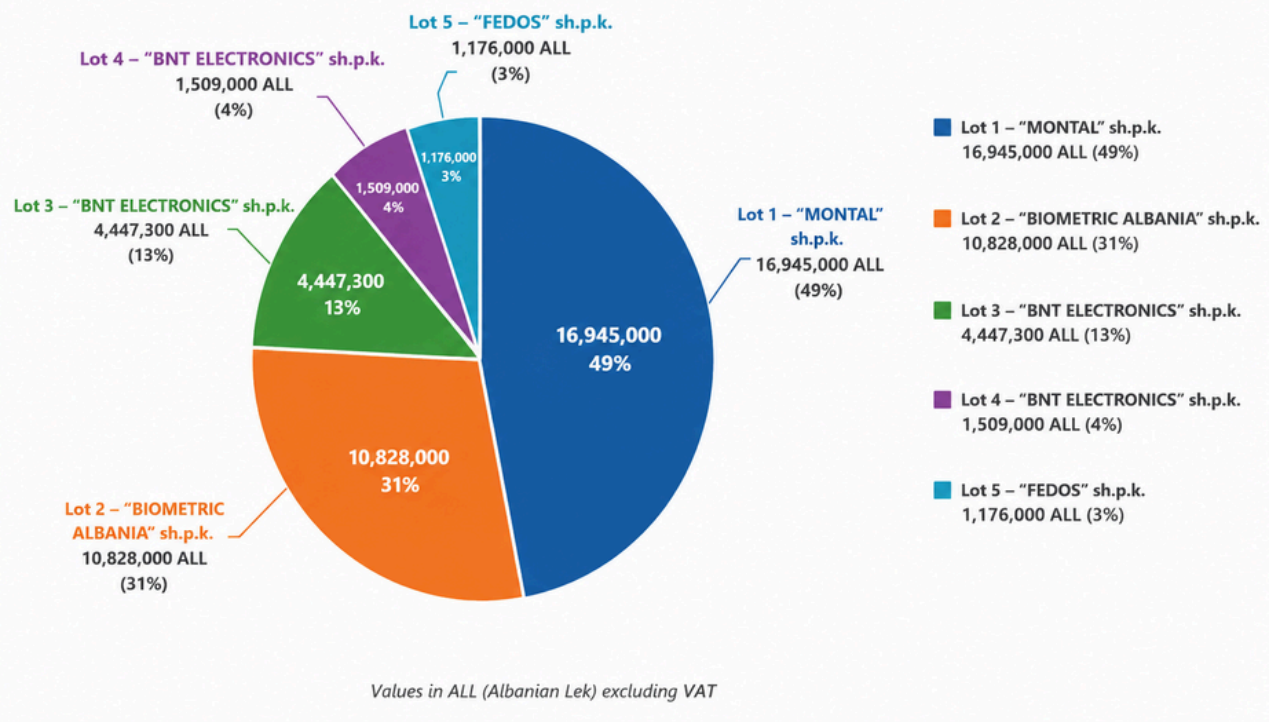
Overall, the findings indicate that the procurement procedure was conducted under conditions of effective competition, characterised by broad participation of economic operators and genuine competition during the financial evaluation stage. The identified disqualifications were procedural in nature and did not appear to result from structural or discriminatory barriers to market participation. Nevertheless, as the assessment is based on a single procurement procedure, albeit one divided into five lots, any conclusions regarding the overall level of competition in public procurement within the healthcare sector in 2025 should be interpreted with due caution and in light of the limitations of the available evidence.

Unlike the overall procurement landscape observed in 2024, which was characterised by limited competition, with an average of approximately 1.37 economic operators per procurement procedure and a significant proportion of procedures attracting only a single bidder, the procurement procedure analysed for 2025 presents a markedly different picture. At first glance, the level of participation achieved in the procurement procedures conducted by the Ministry of Health and Social Welfare (MoHSW) during 2025 suggests a substantial improvement compared with the situation observed in 2024, when competition was generally weak and, in many cases, largely formal. However, given that this assessment is based on a single procurement procedure, these findings should not be interpreted as evidence of an overall improvement in competition across the healthcare procurement system without further analysis of a broader sample of procurement procedures.

2.2.4 Winning Economic Operators and Contract Awards

The winning economic operators and the respective values of their winning bids are presented below:

Figure 4: Contract awards by Economic Operator



The total value of the contracts awarded amounted to ALL 34,905,300 (excluding VAT) and was distributed among four economic operators. The largest share of the procurement value was concentrated in the two highest-value lots (Lots 1 and 2), each of which was awarded to a different economic operator.

Overall, the distribution of contracts suggests a relatively balanced allocation among several economic operators. This represents a positive indicator of effective competition and demonstrates that the procurement procedure did not result in market concentration in favour of a single supplier. At the same time, the fact that one economic operator was awarded more than one lot indicates that, despite broad market participation, certain operators possessed stronger competitive capacity, enabling them to compete successfully across multiple segments of the procurement procedure.

It should be noted, however, that this assessment is based on the only procurement procedure conducted in this procurement category during 2025, as the majority of comparable procurements were carried out under framework agreements concluded in 2024. Consequently, the distribution of contract awards presented above should not be regarded as representative of the overall market structure in 2025 but rather as the outcome of a specific procurement procedure shaped by the Ministry's procurement planning approach.

2.2.5 Analysis of the Economic Efficiency of the Procurement Procedure

Following the analysis of the procurement results by lot, a key element in assessing the overall performance of the procedure is its economic efficiency, measured by comparing the estimated contract value with the winning bid for each lot. The available data show that, across all five lots, there were substantial differences between the estimated contract values and the winning bids, resulting in significant savings for the public budget.

Table 4: Ecomomic efficiency of the procurement procedure

Lot	Estimated Contract Value	Winning Bid (ALL, excl. VAT)	Reduction from Estimated
Lot 1	40,774,750	16,945,000	**58%**
Lot 2	19,150,052	10,828,000	**43%**
Lot 3	12,576,707	4,447,300	**65%**
Lot 4	2,642,270	1,509,000	**43%**
Lot 5	4,832,800	1,176,000	**75%**

This level of savings suggests that the procurement procedure achieved a high degree of economic efficiency, with contract prices substantially below the estimated contract values while maintaining effective competition across the procurement process.

The analysis indicates that the procurement procedure generated substantial savings for the public budget, enabling the acquisition of medical equipment at prices significantly below the estimated contract values. A review of the bids submitted across all five lots shows that bid prices were relatively close to one another and followed a consistent downward trend. This suggests that the winning bids, although substantially lower than the estimated contract values, were not abnormally low when compared with competing bids. Rather, the savings resulted from effective price competition among participating economic operators.

At the same time, the considerable differences between the estimated contract values and the winning bids suggest that the methodology used to estimate contract values may not have fully reflected prevailing market prices at the time of procurement. While the procedure demonstrated a high level of economic efficiency and effective competition, these findings highlight the need for more robust market analysis during the procurement planning stage to ensure that estimated contract values more accurately reflect actual market conditions.

Overall, the procurement procedure achieved a high level of economic efficiency, supported by genuine competition among economic operators and without evidence of abnormally low tenders. However, the significant differences between the estimated contract values and the awarded contract prices indicate scope for improving the methodology used to estimate contract values in future procurement procedures.

2.3 Overall Assessment of the 2025 Procurement Procedure in Comparison with 2024

The analysis of the procurement procedures conducted by the Ministry of Health and Social Welfare (MoHSW) in 2025 reveals a marked improvement in the level of competition compared with the procurement performance documented in 2024. According to Public Procurement in the Healthcare Sector for the Year 2024, procurement procedures conducted by the Ministry attracted an average of only 1.37 economic operators per procedure, with a considerable proportion of tenders receiving only a single bid. In contrast, the procurement procedure analysed in this report attracted between seven and thirteen bids per lot, demonstrating substantially stronger market participation and significantly more competitive procurement conditions. The absence of single-bid situations and the high number of qualified bidders indicate that competition in the analysed procedure was genuine rather than merely formal.

The stronger level of competition also translated into significantly improved economic outcomes. While the 2024 monitoring report identified an average reduction of only 8.57% between the estimated contract value and the winning bid across the Ministry's procurement procedures, the 2025 procurement achieved reductions ranging from 43% to 75% across all five lots. The analysis further confirms that these savings were not driven by abnormally low tenders, but rather by effective price competition among participating economic operators. The relatively narrow variation between competing bids within each lot suggests that the awarded contract prices reflected prevailing market conditions rather than isolated or unsustainable offers.

The distribution of contract awards also points to a more balanced competitive environment. The procurement procedure analysed for 2025 resulted in contracts being awarded to four different economic operators across five lots. By comparison, TFL's monitoring of 272 procurement procedures conducted by the Ministry in 2024 found that 72% of all contracts were awarded to just ten companies, indicating a considerably higher level of market concentration.

From a procedural perspective, the Standard Tender Documents (STDs) were prepared in accordance with the applicable legal framework and incorporated qualification criteria and technical specifications that did not appear to create unnecessary barriers to participation. The limited number of disqualifications observed during the evaluation process resulted primarily from incomplete or non-compliant documentation submitted by bidders rather than from restrictive qualification or technical requirements imposed by the Contracting Authority.

At the same time, the analysis identifies an area requiring further improvement. The substantial differences between the estimated contract values and the winning bids suggest that the methodology used to estimate contract values did not fully reflect prevailing market conditions. Although this did not adversely affect competition or procurement outcomes, strengthening market analysis during the procurement planning stage would improve the accuracy of cost estimates, support more realistic budgeting, and further enhance value for money.

Overall, the findings suggest that the procurement procedure analysed in this report represents a substantial improvement over the procurement practices monitored by TFL in 2024. The procedure demonstrates stronger competition, broader market participation, a more balanced distribution of contract awards, and significantly better value for money for the public budget. Nevertheless, these conclusions should be interpreted with due caution, as the assessment is based on a single procurement procedure conducted by the Ministry in 2025, whereas the 2024 assessment covered a much broader sample of procurement procedures. A more comprehensive assessment covering additional procurement procedures would be required to determine whether these positive developments represent a sustained trend across the Ministry's procurement activities.

RECOMMENDATIONS

1 IMPROVE THE METHODOLOGY FOR ESTIMATING THE CONTRACT VALUE

The Ministry of Health and Social Welfare (MoHSW) should strengthen the market analysis conducted prior to determining the estimated contract value. Cost estimation should not rely solely on historical prices or theoretical calculations but should reflect current market conditions and actual supply dynamics. A more accurate estimation of the contract value would enhance the credibility of procurement procedures and reduce significant discrepancies between the estimated contract value and the winning bids.

2 INCREASE TRANSPARENCY IN THE BID EVALUATION PROCESS

Greater transparency should be ensured through the publication of procurement documentation, including evaluation reports, minutes of evaluation committee meetings, and the justification for the qualification or disqualification of economic operators, to the extent that confidential information is protected. This would strengthen public oversight, facilitate independent monitoring, and increase the confidence of economic operators in the integrity of the procurement process.

3 ESTABLISH CONTINUOUS MONITORING OF COMPETITION

A systematic mechanism for monitoring key competition indicators should be established to identify market trends and enable timely interventions aimed at promoting effective competition across procurement procedures.

4 STRENGTHEN THE PREPARATION OF TECHNICAL SPECIFICATIONS

Develop balanced and non-discriminatory technical specifications, supported by market consultations where appropriate, to promote broader participation and effective competition.

5 INSTITUTIONALISE POST-PROCUREMENT ANALYSIS

Institutionalise post-procurement analysis to evaluate procurement outcomes, strengthen planning, and improve value for money and procurement efficiency.

This report was prepared in the framework of the project "Fostering Open Governance and Accountability in Albania's Healthcare Landscape," implemented by the organization "Together for Life," with the support of the International Budget Partnership and funded by the European Commission.

The contents are the sole responsibility of the authors and can under no circumstances be regarded as reflecting the position of the IBP or European Commission.

Together for Life

Mobile: **+355692066522**

Email: **info@togetherforlife.org.al**

Adress: **Rr. Brigada VIII, Tiranë**

Website: **www.togetherforlife.org.al**