

**Standard Summary Project Fiche – IPA centralised National and CBC programmes**

**Further development and strengthening of the public procurement system in the Republic of Montenegro**

**1. Basic information**

- 1.1 CRIS Number:** 2007/19300  
**1.2 Title:** Further development and strengthening of the public procurement system in the Republic of Montenegro  
**1.3 Sector:** European Standards – Internal Market 03.05  
**1.4 Location:** Republic of Montenegro

**Implementing arrangements:**

**1.5 Contracting Authority:**

The Contracting Authority is the EC Delegation in Montenegro

**1.6 Implementing Agency:**

The implementing Agency is the European Commission

**1.7 Beneficiary (including details of project manager):**

Commission for Public Procurement  
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Secretary  
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**1.8 Overall cost:**

€ 1.3 million

**1.9 EU contribution:**

€ 1.25 million

**1.10 Final date for contracting:**

Two years from the date of conclusion of the Financing Agreement

### **1.11 Final date for execution of contracts:**

Four years from the date of the conclusion of the Financing Agreement

### **1.12 Final date for disbursements:**

Five years from the date of the conclusion of the Financing Agreement

## **2. Overall Objective and Project Purpose**

### **2.1 Overall Objective:**

Consolidation of the development of an effective public procurement system in the Republic of Montenegro

### **2.2 Project purpose:**

Improvement of the legal and operational environment in which the public procurement system in the Republic of Montenegro functions by providing assistance to ensure full harmonisation with the *acquis communautaire* and international best practice, as well as wider awareness and knowledge amongst procuring entities, potential suppliers and the public.

### **2.3 Link with AP/NPAA / EP/ SAA**

The **EP** sets an agenda for action encompassing procedures, the respect of the non-discrimination principle (aspect which is particularly developed by the **SAA** in its art. 76), the establishment and functioning of the normative and review bodies, as well as the appropriate training of staff in all contracting entities.

The Commission's **2006 Progress Report** concluded that a substantial strengthening of the legal and institutional capacity of Montenegro in this area will be crucial for enhancing the rule of law and the prevention of corruption.

For more details, please see the annex 3.

### **2.4 Link with MIPD**

The **MIPD**, as a priority, stresses the upgrading of public procurement rules by developing the administrative capacity and efficiency of those public institutions dealing with procurement. For more details, please see annex 3.

### **2.5 Link with National Development Plan**

The Republic of Montenegro has not yet adopted a National Development Plan.

## **2.6 Link with national/ sectoral investment plans**

The Agenda for Economic Reforms 2002-2007 refers to the amendments and additions to the Public Procurement Law and its secondary legislation in Montenegro. It states that these changes will certainly have an impact on upgrading the new legal set-up and its approximation to the EU *acquis*.

The *action plan for the implementation of the programme for fighting against corruption and organised crime* tasked the Montenegrin Public Procurement Commission (review body) with undertaking certain measures to meet the obligations of the European Partnership in the area of internal market. For more details, please see annex 3.

## **3. Description of project**

### **3.1 Background and justification:**

Public procurement matters in the Republic of Montenegro. Notable progress has been recently carried out, but more efforts are needed in creating a comprehensive new legislative and institutional framework. The reform of the public procurement system is a key part of the wider agenda of liberalising and opening the internal market, reforming public administration, fighting corruption and improving the management of public finances.

Public procurement represents an important part of the Montenegrin economy, with a pressing need for growth. Indeed, the implementation and enforcement of a modern public procurement system will represent a cornerstone for the country's association process.

#### *Legislation*

A new Public Procurement Law (PPL) - with the support of various international institutions<sup>1</sup> - was ratified by the Government in its last session in May 2006 and then passed onto the Parliament for discussion. The new PPL was enacted by Parliament on 10 July 2006 and entered into force on 29 July 2006. The legal framework set in the new PPL had to be complemented by a first set of implementing regulations, which were successfully drafted and taken up within 90 days from the entry into force of the new Law.

By and large the PPL reform is a legislative move in the right direction. It has been drafted using as benchmark Directive 2004/18. Hence, the PPL has been modelled along the lines of the most modern EU public procurement rules.

The PPL aims at being an all-encompassing piece of legislation as it applies to works, supplies and services, as per Directive 2004/18. It also contemplates very succinct rules on controlling the legality of the procedures, as per the Remedies Directive. And finally, it also covers other residual matters relevant to public procurement – such as statistics - which would normally be dealt with by secondary legislation.

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<sup>1</sup> Mainly SIGMA/OECD, but also OEBS, SPAI RSLO, EAR

### *Institutional setup*

The PPL reform readjusts the institutional framework, with the creation of a new institution for normative and regulatory purposes, the Public Procurement Agency (PPA). A properly functioning PPA is a key to any modern public procurement system. The Montenegrin PPA is responsible for providing “conditions for cost-effective, efficient and transparent use of public funds and to create competitive and equal conditions for all tenderers”. The PPA inter alia will be in charge of:

- Assisting the preparation of primary and secondary legislation
- Monitoring the implementation of the system
- Providing advisory services to contracting authorities
- Publishing information on public procurement
- Reporting on public procurement activities

The review of complaints will remain the responsibility of the Public Procurement Commission (PPC), thereby ensuring a separation from the administrative tasks of the PPA. At the moment, full independence is not ensured by the PPL, which stipulates that the president and members of the PPC are appointed by the Government.

The PPC considers itself well structured and staffed. However, further assessment needs to be done, based on international experiences. In the meantime establishing a credible PPA is a priority.

The knowledge of the public procurement legal framework by the contracting authorities/procurement entities needs to be enhanced. Training so far has proved that they might not know how new legislation should be interpreted in some cases. There are more than 600 contracting authorities in Montenegro, and 187 public procurement officers.

Making information available to all stakeholders, including taxpayers and media, is very important. The current resources will not cover all these needs.

The current system of publication of procurement notices available on the PPC website provides an overview of all public procurement notices (works, services and supplies). This system needs to be transferred to the PPA, once established. In addition, a strategy needs to be developed to improved the dissemination of procurement information (i.e. publication of procurement notices) by electronic methods of communication (public procurement website), in accordance with EU standards. This will be part of an overall strategy for developing a fully computerised and real time information system for the management of public procurement notices. While the strategy begins to be developed within the current action, further activities - i.e. to develop the actual system or part of it - would require additional resources.

## **3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact**

### *Impact*

Public procurement has a very significant impact on any economy. For example it is estimated that public procurement is equivalent to 16% of the EU’s GDP, while estimations indicated that hovers around 12% in Montenegro. Before the EU legislation in this field was

enacted, only 2% of public contracts were awarded to firms based from a Member State other than that in which the invitation to tender was issued. This lack of open and effective competition was one of the most obvious and anachronistic obstacles to the completion of the single market.

#### *Catalytic effect*

Opening up public procurement is one of the most effective tools in achieving the goals of the internal market. It is of fundamental importance that an effective policy of public procurement is carried out to meet these goals, which are:

- To generate sustainable, long-term growth
- To create jobs
- To develop businesses capable of exploiting the opportunities generated by world's largest single market
- To effectively meet the competition of the global markets
- To provide tax payers and users of public services with value for money and public service of better quality at lowest cost
- To reduce the fiscal deficit in accordance with the demands of the convergence criteria
- To reduce the risk of fraud and corruption within the administration

In order to achieve these goals, our action will be in line with the EU's decision to coordinate the procurement procedures followed in different countries and to encourage more firms to bid for public contracts. The coordination effort has led to the adoption of two Directives on the subject, one covering works, supply and service contracts; and the other one procurement of utilities (i.e. enterprises operating in the water, energy, transport, and postal services sectors).

Taken together these Directives form a body of Community public procurement legislation which is based on:

- Rules ensuring transparency in order to open up public contracts to competition, with preference being given to open and restricted tendering procedures, and clear criteria for the selection of tenders;
- Effective and rapid review of decisions taken by contracting entities which infringe Community public procurement law.

This action deals with two critical and interrelated aspects: (i) preparing legislation on award and review procedures to improve transparency and further the standardisation of notices and the quality of information on public procurement; and (ii) the training of responsible officers in public authorities. The number of direct beneficiaries in this action is therefore larger than in traditional technical assistance projects.

Given of Montenegro's ambitions to eventually join the EU, it makes sense that they adopt the relevant Directives on public procurement and establish the required procedures and organisational structures. This represents a double challenge in terms of legislation and administrative capacity.

#### *Sustainability*

It is also expected that the efforts to improve transparency and co-operation with the business sector and civil society will have a positive impact on the trust the citizens have in their administration. Transparent decision-making processes in the procurement of goods and services under public contracts will ensure improved transparency of public administration in general, thus allowing citizens an efficient, cost-effective and sustainable access to public services.

#### *Cross-border impact*

In a region where language barriers are easily overcome, a transparent and efficient system of public procurement is likely to attract bidders from neighbouring countries and therefore stimulate the competitiveness in adjacent economies and economic development in general.

### **3.3 Results and measurable indicators:**

The project will accomplish a series of results grouped around four blocks, namely: the review of the public procurement system in order to improve efficiency and transparency in the use of public funds and ensure that the best value for money is obtained through public contracts; the enhancement of the institutional and operational capacity of the Montenegrin Review Body (the Public Procurement Commission), the Public Procurement Agent and other key stakeholders; the harmonisation of electronic public procurement with the requirements originating from the Directive 17/2004 & 18/2004; and finally, the promotion of public awareness of the importance of an efficient and transparent public procurement system.

These results will be measured by the following seven main qualitative indicators: (i) the existence, availability and quality of implementing regulations, operational procedures, handbooks, model tender documentation, standard conditions for public sector contracts and provisions for contract administration and dispute resolution; (ii) the existence of a normative/regulatory body meeting the conditions stipulated by the PPL (defined set of responsibilities, internal organisation, funding, staffing and level of independence and authority, separation and clarity of responsibilities in order to avoid conflict of interest; (iii) the existence of institutional development capacity in terms of a sustainable strategy, training capacity, quality control standards, system for collecting and disseminating procurement information, including statistics; (iv) the existence of an efficient appeal mechanism meeting some requisites (decisions are deliberated and enforced, fairness and publicity of decisions); (v) the establishment of a group of trainers of trainers on public procurement legislation and practice anchored on a public institution; (vi) the publication and distribution of tender information with the support of information technology; (vii) the realisation of a public information campaign.

### **3.4 Activities:**

Based on the same structure as *results (see above)*, activities will be then implemented in four building blocks, namely:

#### *Revision of the current system*

This will involve the in-depth revision of the current public procurement system, including legislation both primary (transposition of Directive 18/2004) and secondary, the introduction of indicators of progress in line with the standards and best practices recognised by international organisations (e.g.: the World Bank) and assistance in the operationalisation of all those recommendations emerging from the revision as a way to curtail the number of deficiencies and irregularities.

#### *Operational capacity of key bodies*

The main issue here is the development of an operational model for the PPC and the PPA, including organisational/business planning; policies for transition from the current public procurement regime to the best EU practices; a review of personnel and job descriptions in conjunction with the development of a human resource development plan; and most importantly, the provision of training to the staff of the two key institutions mentioned above, with special emphasis on the practical implications of the primary and secondary legislation in public procurement.

The project will also develop operational guidelines, which can be web portal based, and establish a help desk or advisory services for public and private sector parties where they can receive advice on application and interpretation of policy and rules. Quality control standards will be devised and tested in such things as a monitoring system for procurement processes and products; a staff performance evaluation process based on outcomes and professional behaviour; ensuring that operational audits are carried out regularly to monitor compliance with quality assurance standards.

And finally, the action will provide advice on procedures for collecting and monitoring public procurement statistics. This might include data on procurement by method; duration of different stages of the procurement cycle; awards of contracts, unit prices for most common types of goods and services and other information that allows the analysis of trends; levels of participation; efficiency and value for money of the purchases; and compliance with requirements. It will be important to ensure that the reliability of the information is high (verified by audits) and that the analysis of the information is routinely carried out, published and fed back into the system.

#### *E-procurement*

Expertise will be provided in order to draft and assist in the implementation of a strategy for the introduction of electronic public procurement, including: automatic publishing of invitations to tenders and award notices; assessment of hardware and software needs; assist in the tendering of supplies funded by this programme, training of direct and indirect users; upgrading the existing websites; and development of automated records of public procurement data. This will be complemented by the procurement of ICT equipment, software and possibly office furniture for the PPC and the PPA.

### *Public campaign*

Given the importance of gaining confidence among the wider public, the proposed project will include an awareness raising campaign.

It is anticipated that the above activities will be implemented through one service contract and 2 supply contracts. Alternatively, if appropriate expertise cannot be sourced via a service contract, a twinning or service contract combined with a twinning light or a grant agreement with an EU member state institution (official or mandated body) following a call for proposals is envisaged whereby the Commission contribution will cover 100% of the eligible cost of the contract.

### **3.5 Conditionality and sequencing:**

An essential precondition for the start of this action is to have the Public Procurement Agency (PPA) up and running.

The current institutional set up is a source of concern. According to Public Procurement Law (PPL), an administrative body responsible for public procurement activities - i.e. the Public Procurement Agency (PPA) - should have been established and started operating within 90 days from coming into effect of the law, namely by 27 October 2006. This has yet to happen.

The PPA is essential to guarantee the proper implementation of the new PPL as well as to ensure that the conditions for a transparent use of public funds are in place. On 2 March 2007, the European Agency for Reconstruction tackled this issue by seeking assurances in writing from the Government on the details of their plan and timetable for getting the PPA up and running.

In the event that conditionality is not met, certain project activities closely tied to the operations of the PPA would then be disregarded and the action re-conducted to those project areas that are not jeopardised by the lack of Governmental accomplishment.

### **3.6 Linked activities**

Under CARDS 2005, a technical assistance project titled "Capacity Building of the Public Procurement Commission (PPC)" was launched. It is intended to contribute to the development of a transparent public procurement and review system in Montenegro, in accordance with the *acquis communautaire*. Its aims are broadly similar to the proposed project (legislation, capacity building for the PPC and public awareness), but only operates on a pilot scale.

In the frame of the joint initiative of the EU and the OECD called SIGMA, since 2004 expertise has been provided in developing and assessing legal harmonisation with respect to primary and secondary legislation in public procurement as well as in drafting the Concessions Law. All this relevant legal input constitutes the point of departure for further activities envisaged under this project in the domain of secondary legislation.

### 3.7 Lessons learned

It is clear that the resources allocated to the aforementioned CARDS 2005 TA project are not sufficient to address effectively all the components and cater for the extensive needs in reforming the Montenegrin public procurement system. It has also been hampered by the absence of a PPA, which has become the main subject on conditionality.

The proposed project will thus draw from several lessons learned in implementing institutional capacity building projects, and specifically on the results yielded by the action mentioned under “linked activities” above.

Although impact achieved through the previous assistance overall is satisfactory, a number of challenges remain:

- *Enforcement:* There has been some accent in previous and in this intervention to deal with the legal framework in the country. The capacity to enforce the law, however, has to receive more attention. This project will put emphasis on administrative capacity and inter-agency cooperation, necessary to ensure proper implementation and harmonisation of policies. The project is basically sustained on continuing cooperation amongst stakeholders and will place in top management hands the adequate tools with which they can motivate and empower their personnel and get measurable results, particularly when institutions have a relatively short history.
- *Conditionality:* Often project implementation is hampered by both insufficient staff and resources allocated to (newly established) institutions/departments which does not allow for appropriate implementation of the mandate of the concerned department. The project will tackle this shortcoming in terms of staff and operational funding at PP body level. It is also crucial that main stakeholders release staff from their multiple duties in order to achieve high level participation in the project activities. Top ranking officials in key partner institutions will be then sensitised on this topic.
- *Balance between capacity building and investment:* The provision of advisory services for capacity building remains the top priority. However, it will not be effective if the working environment of our counterparts is not up to standards. Therefore the project has included some material support, according to fundamental and state-of-the-art technical needs, chiefly for the furtherance of e-procurement.
- *Institutionalisation of training activities:* Past assistance experience shows that a properly organised training effort as opposed to ad hoc organised training is crucial. Therefore, the concept and delivery of training must be based on the priorities agreed with the stakeholders in order to foster the career development of their personnel. But the actual delivery of the training must be primarily locally-based and concentrated to ensure maximum impact and to avoid disruption to other functions of the stakeholder institutions, encompassing more than 100 procurement units all over the country. Training delivery is more efficient if it comprises a) structured seminars, b) strategic mentoring services for key officials and c) peer learning activities to ensure coherence and value from knowledge and skills acquired through the various capacity building activities. Trainers should not be theoreticians but seasoned public procurement practitioners with ample knowledge of the institutional and operational aspects of the subject. They should illustrate their lectures with a wide variety of case studies.

Training will also encompass contract authorities, suppliers, representatives of media, NGOs and other relevant stakeholders. With a view to sustainability, the project will devote efforts to design and test a permanent and relevant national training programme (curriculum) in public procurement, including a training of trainers' scheme. This should be anchored within an institution (most likely the Regulatory Body or a Higher Education Institution) with an interest in the long-term accreditation of this training activity. These programmes are essential to maintain the supply of qualified procurement staff to public and private sectors.

- *Advocacy and Awareness:* it is important to note that the implications of the new public procurement system are relatively unknown, not only to wider, but to some extent to the professional public, including the business sector. Therefore the project will pay special attention to awareness raising and consultations with all interested parties.
- *Cross cutting issues:* An important lesson learned during the CARDS period is that appropriate mainstreaming of cross-cutting issues would significantly be stimulated through the mobilisation of specific expertise. Hence, specific expertise may be mobilised under the service/twinning contract to target support for the mainstreaming of cross-cutting issues (see also further below).
- *Right combination of expertise:* the combination of experts under the ongoing technical assistance project (old Member States and new Member States and Potential Candidate Countries) has proved to be quite effective in blending tradition, innovation and quick adaptability to meet the needs of an emerging market economy. The subsequent ToRs will build on this lesson.

The project also has an inclusive dimension by which the main stakeholders in public procurement (governmental institutions, procurement units, potential bidders and media) are likely to find their interests represented in the wider scope of project activities.

#### 4. Indicative Budget (amounts in €)

Activities	TOTAL COST	SOURCES OF FUNDING										
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION				PRIVATE		
		Total	% *	IB	INV	Total	% *	Central	Regional	IFIs	Total	% *
<a href="#">contract 1</a>	1,100,000	1,100,000	88	100		0	0				0	0
<a href="#">contract 2</a>	150,000	150,000	12		100	0	0				0	0
<a href="#">contract 3</a>	50,000	0	0			50,000	100					
<b>TOTAL</b>	<b>1,300,000</b>	<b>1,250,000</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>50,000</b>	<b>100</b>				<b>0</b>	<b>0</b>

\* expressed in % of the Total Cost

#### 5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1	Q2/2008	Q4/2008	Q2/2010
Contract 2	Q1/2009	Q2/2009	Q3/2009

Contract 3, as per section 4 above, is not under the competence of the Contracting Authority and represents the parallel national public contribution to the procurement of supplies.

## **6. Cross cutting issues**

The mainstreaming of the cross cutting issues is addressed on two levels:

- 1) How the internal policies, structure or operating procedures of the beneficiary will conform with or promote the cross cutting issues set out below
- 2) How the project's outputs (e.g. laws, regulations, policies, action plans, etc.) will address the cross cutting issues set out below.

### **6.1 Equal Opportunity**

Equal Opportunities are important in public procurement of services or works. A fair and transparent public procurement system creates a level playing field which goes some way to preventing discrimination on any grounds.

It is therefore of importance that public procurement officers (PPOs) are not only aware of this, but also that they possess the knowledge to correctly introduce an equal opportunity dimension and ban any discriminatory practice on the basis of gender, age and disability. Therefore the principle of equal opportunities should be a part of the training to be delivered to PPOs.

### **6.2 Environment**

Environmental protection criteria are also important in public procurement PPOs need to be aware of environmental benchmarks, and also possess the required knowledge to apply them correctly, and within the PPL. Hence, environmental protection measures should be part of the training of PPOs. Likewise, the economic actors are in need of information and training on how and why these criteria will be implemented in public procurement. Through the training needs assessments, we will be able to ascertain the level of environmental protection standards used by PPOs.

### **6.3 Minorities**

Social inclusion of and the prevention of discrimination against minorities are overarching principles in the EU system of public procurement.

Public Procurement Officers should be aware of social inclusion and anti-discriminatory practices in relation to minorities. It is important to ensure that national minorities, refugees and internal displaced are not the victims of discrimination when they bid under the public procurement system. PPOs need to be ware of this, and also possess the knowledge to apply it correctly within the PPL. Consequently, minority Issues should be a part of the training of PPOs.

Successful bidders for under the public procurement system will also be required to adopt equal opportunity, non-discriminatory employment and other practices.

## **ANNEXES**

- 1 - Log frame in Standard Format
- 2 - Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3 - Reference to laws, regulations and strategic documents:
  - Reference list of relevant laws and regulations
  - Reference to AP /NPAA / EP / SAA
  - Reference to MIPD
  - Reference to national / sectoral investment plans
- 4 - Details per EU funded contract

# ANNEXES

## ANNEX 1: Log frame in Standard Format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number <b>Further development and strengthening of the public procurement system in the Republic of Montenegro</b>	
		Contracting period: 2 years from the date of conclusion of the Financing Agreement	Disbursement period: 5 years from the date of the conclusion of the Financing Agreement
		Total budget: € 1.30 million	IPA budget: € 1.25 million
<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
To consolidate the development of an effective public procurement system in the Republic of Montenegro	1. The PP legislative and regulatory framework achieves suitable harmonisation with the acquis and international best practice	Commission Annual Progress Reports	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
To improve the legal and operational environment in which the Montenegrin public procurement system functions	2. Quality of the institutional, legal and operational environment in which PP bodies operate	OCDE/Sigma reports	Political commitment of the Government to maintain and further the reform agendas for public administration and public procurement
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
1. The public procurement (PP) regime in MNE is reviewed	3. Existence, availability and quality of implementing regulations, operational procedures and handbooks for PP entities	Project reports OCDE/Sigma assessments	The Normative Body is established and duly staffed
2. The institutional and operational capacity of the review and regulatory bodies, plus key stakeholders is enhanced	4. MNE has a review and normative body meeting the conditions stipulated in the PP Law		The Revision Body is duly staffed
3. Electronic public procurement is harmonised with the relevant directives	5. ITC equipment, software and office furniture procured are operational		Most stakeholders see their interest in participating in the training activities
4. Public awareness on the importance of an efficient and transparent PP system is promoted	6. Number of trainees that have become aware of the new PP practices (data disaggregated by sex, age, minority group)	Training evaluation records	Rotation of the staff in the PP bodies is reduced to minimum
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	
1.1. Revision of the PP system, including legislation, the use of indicators and the development of recommendations 1.2. Assist in the operationalisation of the recommendations issued under 1.1. 2.1. Develop an operational model for the review and the regulatory bodies 2.2. Review the staff structure and job description of the staff of the PP bodies 2.3. Draw a human resource development plan for the PP bodies 2.4. Provide training to the staff of the PP bodies in order to improve their efficiency 2.5. Provide training for other relevant stakeholders 2.6. Design and test a permanent and relevant national training programme in PP 2.7. Develop operational guidelines and establish a help desk 2.8. Design and test quality control standards 2.9. Design and develop a system and procedures for PP statistics 3.1. Draft and assist in the implementation of a strategy for the introduction of electronic PP 3.2. Provide ITC equipment, software and office furniture to the PP bodies Preparation of an awareness campaign plan Provision of dissemination and awareness raising activities	Expert fees Incidental expenditure: travel, study tours, training costs Investment grant	€ 1.1 million in TA € 0.15 million in supplies	<b>Preconditions:</b> 1. The Normative Body is established by the Government of MNE, a director nominated and is sufficiently staffed (±10) 2. Adequate funds have been earmarked in the MNE state budget for the functioning of the PP bodies

**ANNEX 2: Amounts (in €) contracted and Disbursed per Quarter over the full duration of Programme**

<b>Contracted</b>	Q4/2008	Q2/2009					
Contract 1	1,100,000						
Contract 2		150,000					
<b>Cumulated</b>	<b>1,100,000</b>	<b>1,250,000</b>					
<b>Disbursed</b>	Q4/2008	Q2/2009	Q3/2009	Q4/2009	Q2/2010		
Contract 1	660,000	165,000		165,000	110,000		
Contract 2		90,000	60,000				
<b>Cumulated</b>	<b>660,000</b>	<b>915,000</b>	<b>975,000</b>	<b>1,140,000</b>	<b>1,250,000</b>		

## **ANNEX 3: Reference to laws, regulations and strategic documents:**

### **Reference list of relevant laws and regulations:**

#### Primary legislation:

1. Public Procurement Law (Official Gazette of the Republic of Montenegro, no 46/06)

#### Secondary legislation:

2. Report on tender review, evaluation and comparison.
3. Conditions and method of estimating the value of public contracts
4. Public procurement plan
5. The decision on contract award in negotiated procedure without prior publication of tender notice
6. Contract award decision
7. The decision on small value public procurement (shopping method)
8. Public procurement procedure report
9. Form 1: Report on the review, evaluation and comparison of tenders
10. Form 2: Report on tender review, evaluation and comparison
11. Form 3: Contract award report
12. Regulation on the methodology for expressing criteria as appropriate number of points and tender evaluation and comparison method and procedure
13. Recording of public procurement data
14. Tender documents for works
15. Request for the submission of tenders by the shopping method
16. Regulation on the form, content and issuance of the statement to the effect that financial liabilities arising from public procurement will be met in due time
17. Tender annulment decision
18. Tender documents for goods
19. Tender documents for services
20. Tender public opening report
21. Tender notice sample form

### **Reference to AP /NPAA / EP / SAA**

#### **EP European Standards**

##### *Public procurement*

- *Implement an effective public procurement regime in line with EU principles, including in relation to remedies. Ensure full transparency of procedures, regardless of the value of the contract concerned, and non-discrimination between Montenegrin and EU suppliers.*

- *Ensure the establishment and functioning of the public procurement agency and review body and upgrade their administrative capacity; provide appropriate training of staff in contracting entities responsible for implementing procurement rules.*

**SAA (March 2007):** *See article 76 “Public procurement”, very relevant in relation to the fact that the Community and Montenegro consider the opening-up of the award of public contracts on the basis of non-discrimination and reciprocity, following in particular the WTO rules.*

### **Reference to MIPD**

**MIPD** section 2.2.1.3 Programmes to be implemented:

*Contribution to the implementation of the Work Programme for Better Local Government; including upgrading the financial management capacity of the municipalities, and use of public procurement rules*

MIPD section 2.2.3.1 Main priorities and objectives

*Upgrading internal market legislation including on free movement of goods; quality infrastructure (standardisation, metrology, accreditation and conformity assessment); public procurement rules; financial control and audit; competition and consumer protection; customs and taxation; intellectual property rights; tele/electronic communications*

MIPD section 2.2.3.2 Expected results and timeframe:

*Existence of efficient institutions, notably in the areas of financial management, audit, public procurement, protection of intellectual property rights, quality infrastructure (standardisation, metrology and accreditation); competition and consumer protection*

### **Reference to national/sectoral investment plans**

On 24 August 2006, the Government adopted the *action plan for the implementation of the programme for fighting against corruption and organised crime*. The Montenegrin Public Procurement Commission (review body) is clearly tasked with undertaking certain measures to meet the obligations of the European Partnership in the area of internal market. These measures revolve around training of civil servants for the implementation of the new legal framework on public procurement, the development of secondary legislation, the elaboration of a manual on public procurement, the organisation of a “hot-line” for denouncing irregularities, the creation of a database on processed claims, training of the business sector on the opportunities the system offers and, last but not least, the furtherance of electronic tendering.

## ANNEX 4: Details per EU funded contract where applicable:

For *TA contracts*: account of tasks expected from the contractor

See above under section 3.4 “Activities”

For *investment contracts*: reference list of technical specifications and cost price schedule

### **ICT technical specifications (indicative):**

Lot 1: Hardware				
Item no.	Item	Quantity	Unit price €	Total costs €
1.1	Application server	1	3,700	3,700
1.2	Database server	1	5,770	5,770
1.3	Network passive equipment	1	2,000	2,000
1.4	Monitor, mouse, keyboard and KVM switch	1	2,000	2,000
1.5	UPS	2	555	1,110
1.6	Backup device	1	2,600	2,600
Total lot 1				17,180
Lot 2: Firewall				
2.1	Firewall	2	3,330	6,660
2.2	Configuration and installation of the firewall		2,000	2,000
Total lot 2				8,660
Lot 3: Proprietary software				
3.1	Backup solution	1	2,470	2,470
3.2	Digital certified server signature	1	2,000	2,000
Total lot 3				4,470
Lot 4: Software requirements specifications for the management information system of public procurement notices				
4.1	Software specifications	1	30,000	30,000
Total lot 4				30,000
Lot 5: Information systems				
5.1	The information system for the management of public procurement notices	1	100,000	100,000
5.2	PPC workflow information system	1	30,000	30,000
Total lot 5				130,000
Lot 6: PPC & PPA web site				
6.1	PPC & PPA web site	1	10,000	10,000
Total lot 6				10,000
<b>Grand total</b>				<b>≈ 200,000</b>

**Organisational chart** of the Commission for Public Procurement (Review Body):

