

Project Fiche 3.2: Support to the Public Procurement System

1. Basic information

1.1 CRIS Number: 2008/20-311

1.2 Title: Support to the Public Procurement System

1.3 ELARG Statistical code: 3.5

1.4 Location: Skopje

Implementing arrangements

1.5 Contracting Authority (EC)

European Commission, EC Delegation, on behalf of the beneficiary

1.6 Implementing Agency

European Commission, EC Delegation, on behalf of the beneficiary

1.7 Beneficiary (including details of project manager)

Beneficiaries are the Public Procurement Bureau within the Ministry of Finance - PPB (leading beneficiary institution) and the State Appeals Commission (to be established).

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1.8 Overall costs (VAT excluded)¹: EUR 1,200,000

1.9 EU contribution: EUR 1,200,000

1.10 Final date for contracting

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

1.11 Final date for execution of contracts

¹ The total costs of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated.

Two years from the final date for contracting.

1.12 Final date for disbursements

One year from the final date for execution of contracts.

2. Overall Objective and Project Purpose

2.1 Overall Objective

The overall objective of the project is to provide effective public procurement promoting effective use of state budgetary resources in the delivery of good quality public services to citizens with a high level of transparency and accountability.

2.2 Project purpose

The purpose of the project is to further strengthen the capacity of the Public Procurement Bureau in terms of control and advisory function and the capacity of the State Appeals Commission that would be established in the course of 2008.

2.3 Link with AP/NPAA/EP/SAA

The programme will contribute towards the implementation of the **SAA** Article 68 on legal harmonisation of the public procurement law, and Article 72 on opening-up of the award of public contracts on the basis of non-discrimination and reciprocity.

For public procurement, the **Accession Partnership** outlines the importance of strengthening the complaints committee for public procurement, with the aim to provide an effective remedies system. It calls for achieving fully operational public procurement structures which ensure that public procurement procedures are conducted fully in accordance with the EC standards. The AP furthermore calls for the development of e-procurement.

The **National Plan for Adoption of Acquis** with regard to public procurement intends to further pursue legal development and harmonisation with the Acquis, strengthen capacities of the Public Procurement Bureau as well as the establishment of a State Appeals Commission and its capacity building.

2.4 Link with MIPD

The **Multi-Annual Indicative Planning Document** (MIPD) indicates the need for support to strengthen the administrative capacity in the area of public procurement in order to better enforce procurement legislation.

2.5 Link with National Development Plan

The **National Development Plan** (NDP) calls for improvement of service delivery, and improvement of the quality of services and extension of the basic principles of professionalism, efficiency, political neutrality and service oriented civil service and strengthening the capacity of human resources in the public administration.

2.6 Link with national/ sectoral investment plans

The project directly links to the following key strategies and action plans in the sector (see for a more extensive list annex 3):

- Report on the activities of the Public Procurement Bureau in the realization and functioning of the public procurement system, 2007
- Procurement Plans, 2008
- Strategy of Reforms of Public Administration, 1999

- Pre-Accession Economic Programme (2008-2010), 2007
- Public Investment Programme (2007-2009),

3. Description of project

3.1 Background and justification

The Public Procurement Bureau (PPB) is the national institution which ensures monitoring, development and promotion of the public procurement system by securing legality, rationality, efficiency and transparency, equal treatment, non-discrimination and encouragement of competition.

In May 2004, the Department for the Public procurement was established within the Ministry of Finance as a transitional body until the establishment of the Public Procurement Bureau. The Public Procurement Bureau was established in February 2005 as a body within the Ministry of Finance without the status of a legal entity and began working with the appointment of a Director on 20 June 2005. Currently, the PPB is organised in two departments (Department for legislation and Department for registry, statistics and analysis) with two units each and it has 14 employees.

The PPB's main task is to safeguard the integrity of the national procurement system, both in legal terms and procedural terms. It develops the standard tender and contract documents; it trains staff and continually monitors the procurement operations in the country. It equally ensures the transparency of the system by maintaining the PPB website and it encourages competition. The PPB has a key role to play in the further improvement of the system by proposing new regulations and implementation modalities.

The PPB has established close cooperation arrangements with the State Audit Office, the Commission for Protection of Competition and the State anti-corruption commission and will do the same with the State Appeals Commission for Public Procurement (SAC) once established

Pursuant to the Law on Public Procurement (Article 200 - 202), the Parliament is to appoint the SAC members. The final date for commencement of the operations of the SAC is 30 June 2008 (Article 235 of the LPP). The SAC will also have professional staff and will have the authority to carry out review procedures during the contract award procedure, i.e. to provide legal remedies to all interested parties in the contract award procedures.

The new Law on Public Procurement transposes the public procurement directives 2004/18/EC and 2004/17/EC. According to DG MARKT's opinion the law is of a good standard, fundamentally (although not fully) transposing the EU Directives and clearly meeting expectations on progress in the field of public procurement legislation at this stage of the EU integration process of the country. However, the EC Progress report 2007 identifies the remedies as the weakest part of the public procurement system. The report also finds the administrative capacity of the contracting authorities not sufficient.

This project will therefore strengthen the capacities of the PPB, support the creation of the SAC, while completing the harmonisation process.

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

By strengthening of the capacities of PPB and SAC, and further improving the legislation, the project is expected to contribute to the development of an effective procurement system, having a positive influence on private sector development.

Public procurement is perceived by the public as a sensitive sector. Further improving its accountability and transparency will have a positive influence on the trust the general public has in the budget management system.

A smooth functioning of public procurement is a key factor in budget implementation. A predictable and reliable public procurement makes budget planning more realistic as budget implementation is more likely to follow the planning.

3.3 Results and measurable indicators²

The project consists of two components:

- a) Support to the PPB
- b) Support to the State Appeals Commission (to be established)

Component I: Support to the PPB

Expected results:

- Full implementation of the transposed public procurement acquis
- An efficient and effective Public Procurement Bureau with:
 - o A sound strategic approach;
 - o Establishment of rules and regulations, including e-procurement;
 - o competent staff;
- Improved public procurement skills of the economic operators;
- Full harmonisation of the procurement legislation with the EU acquis;
- Effective reduction of corrupt practices (a high level of public trust in the PPB).

Measurable indicators:

- For all remaining laws and regulations that still need harmonization with the EU acquis, proposals have been developed and forwarded to the Government for adoption;
- A strategy document adopted by the PPB;
- Rule books have been finalized and approved by PPB;
- Number of bids (and annual trends) by economic operators that are rejected due to incomplete or otherwise ineligible tender submissions – decreased;
- Number (and annual trends) of irregularities identified;

² Please note that some of the indicators have not yet been quantified or been given a benchmark. This will be done during the development of the detailed Terms of Reference.

- Higher awareness of the public in public procurement measured through an annual survey.

Component II: Support to the State Appeals Commission (to be established)

Expected results:

- Fully established State Appeals Commission endowed with:
 - o a full set of internal procedures and guidelines;
 - o a medium-term strategic approach to fulfil its mandate;
 - o Annual action plan
 - o Competent staff
- Remedy Directive fully implemented;

Measurable indicators:

- A State Appeals Commission is established;
- Comprehensive screening of the internal procedures and guidelines of the State Appeals Commission performed, and proposals for amendments (where relevant) formulated;
- Number of complaints received by SAC;
- Handling time for review of complaints;
- Annual Action plan is implemented;
- SAC members and the professional staff is trained to implement their tasks;
- Commission fulfils its reporting obligations.

3.4 Activities

Component I: Support to the PPB

- Identification of laws and regulations that still need harmonization with the EU Acquis, prioritization and subsequent amendment and new law / regulation development;
- Development of a strategy for the PPB in a participatory manner;
- Identification of rules and regulations that need (improved) operational instructions, prioritization and subsequent development of the instructions;
- Development of the e-procurement structure;
- Training needs assessment, development of a training plan and subsequent implementation of the training plan to upgrade knowledge of PPB staff;
- Assessment of difficulties encountered in the bids by economic operators in public procurement, development of an action plan to address these difficulties with the economic operators, subsequent implementation of the action plan;
- Implementation of integrity and anti-corruption guidelines.

Component II: Support to the State Appeals Commission (to be established)

- Development of a strategy for the SAC in a participatory manner;
- Identification of rules and regulations that need (improved) operational instructions, prioritization and subsequent development of the instructions;

- Training needs assessment, development of a training plan and subsequent implementation of the training plan to upgrade knowledge of the SAC members and the professional staff;
- Implementation of integrity and anti-corruption guidelines

Management and contracting arrangements

Component 1: Support to the PPB.

The support to the PPB will be implemented through a twinning arrangement. The twinning arrangement will follow the regular operational instructions as documented in the Twinning Manual. A steering committee will be established to oversee the implementation process of the project activities, while it is expected that the MS twinning partner will bring in expertise – inter alia - in the fields of administrative capacity building, training, integrity and corruption, legal development and to address the cross-cutting issues.

The project leaders will be responsible for the overall management, representation (co-ordination with the EU and other international bodies) as well as reporting.

Component 2: Support to the State Appeals Commission

The support to the State Appeals Commission will be provided through a framework contract for services. Technical expertise concerning – inter alia – regulatory development, organisational development, strategy development and specific training will be deployed.

The expected contracting arrangements are:

Financed through IPA:

- 1 Twinning will be concluded between a MS partner and the PPB, with duration of 12 to 24 months. Implementation is expected to start in 4th quarter 2010, one month after the signature of the contract, and the contract value will be approx. EUR 1.000.000
- 1 Framework Contract to provide capacity building support to the State Appeals Commission, with duration of approximately 12 months. Implementation is expected to start in 3rd quarter 2010, one month after contract signature, and the contract value will be approximately Euro 200.000.

It should be noted, that the activities of this project, especially linked with the SAC have to address eventual gaps in present assistance and complement the existing SIGMA support. The actions of the intended contract should upgrade on their outcomes and recommendations.

3.5 Conditionality and sequencing

The project includes the following conditionalities:

- 1) Endorsement by all key stakeholders of the Terms of Reference, specifications for the individual contracts to be engaged;
- 2) Appointment of counterpart personnel by the beneficiaries before contract signature;
- 3) Allocation of working space and facilities by the beneficiaries for technical assistance before contract signature;
- 4) Participation by the beneficiaries in the tender process as per EU regulations;
- 5) Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiaries as per workplan of the project;
- 6) Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;
- 7) Sufficient managerial and technical human resources allocated to the relevant Departments
- 8) Timely establishment and functioning of the State Appeals Commission

In the event that conditions are not met, suspension or cancellation of projects will be considered.

3.6 Linked activities

EU CARDS 2004

EU has financed project activities as support to the PPB with around EUR 1.5 million. It was initiated in 2004 and completed in May 2006. The project had several components: legislative component, institutional setup of PPB, training component, public awareness campaign etc. The project provided extensive support in the development of comprehensive website of the PPB for the purpose of increasing transparency, developing training materials and organizing over 18 trainings for contracting authorities about EU and national procurement legislation, preparing guidelines and manuals etc.

SIGMA

SIGMA has provided extensive expert assistance in drafting of the new Law on Public Procurement. It provided guides and comments on several occasions before the Law was finalized. In addition, SIGMA provided assistance in the drafting of the implementing legislation. Several training activities were also organized in cooperation with SIGMA. SIGMA continues its cooperation in the field of public procurement with PPB. The activities of this project, especially linked with the SAC have to address eventual gaps in present assistance and complement the existing SIGMA support. The actions of the intended contract should upgrade on their outcomes and recommendations.

USAID

USAID, through its Business Environment Activity Project, provided assistance in the drafting of the new Law on Public Procurement by, inter alia, securing logistical support in the consultation process. In fact, the Law was posted on the website of the PPB in draft for comments and three public debates were held for this purpose. USAID will continue to support the implementation process of the new LPP.

The SAC and PBB will ensure that appropriate coordination with other activities will take place and that overlap of activities is avoided.

3.7 Lessons learned

CARDS implementation highlighted a number of common difficulties in project implementation, including insufficient availability of national staff, frequent replacements of the key international experts, insufficient budget, late and uncoordinated approval of the project compared with the activities of the national authorities. It was generally learned that the national counterpart (PPB) must have strong commitment for the project and continuous efforts on its side in order to utilize the assistance at maximum level.

Especially important in this project is the timely establishment of the State Appeals Commission, which has been set as a condition. (see point 3.5).

4. Indicative Budget (amounts in million €)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activities												
Twinning PPB	X	-	1.0	1.0	100							-
FWC SAC	X	-	0.2	0.2	100							-
TOTAL IB			1.2	1.2	100							
TOTAL INV												
TOTAL PROJECT			1.2	1.2	100							

Amounts net of VAT

- (1) In the Activity row use "X" to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))

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

Contracts	Start of Tendering	Signature of contract	Project Completion
<u>Contract 1 - Twinning PPB</u>	Qu4 2009	Qu4 2010	Qu4 2012
<u>Contract 2 - Framework contract SAC</u>	Qu1 2010	Qu3 2010	Qu3 2011

6. Cross cutting issues

The cross-cutting issues will be addressed throughout the project. Up to 10% of the budget for capacity building – through short term expertise - may be allocated to assist the beneficiary to comply with European standards and best practices, implement relevant existing Government strategies and develop internal measures to ensure each cross-cutting issue is appropriately mainstreamed.

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

- 1) Ensuring that the internal policies, structure or operating procedures of the beneficiary agency will conform to and promote the relevant principles outlined per section below.
- 2) Ensuring that the products, outputs produced by the beneficiaries (e.g. laws, regulations, policies, and strategies) will conform to and promote the relevant principles outlined per section below.

Throughout the project cycle, in particular when developing project ToR, state actors specifically addressing (one of) the cross cutting issues shall be consulted.

- **Equal opportunities and non-discrimination**

The training activities will include a specific component to train beneficiary staff in the implementation of the Government Gender Strategy, while reference will be made to the EC Programme of Action for the mainstreaming of gender equality in community development cooperation (2001-06). An output of this training component will be to assist the beneficiary to implement an ‘internal gender assessment’ to identify areas where it could improve its internal performance vis-à-vis gender. As indicated above under activities, the beneficiary will be assisted to develop a monitoring system that will include gender criteria. In view of the specific sector, it is not expected that the gender aspects will be of prime relevance for the outputs the Public Procurement Bureau and the State Appeals Commission produce.

- **Support to minority and vulnerable groups**

Whereas the main reference in the country in relation to minority groups is the Ohrid Framework Agreement, in an EU context, reference is made to the “Race directive” of 2000 (200/43/EC of 29 June), which has an important impact on employment (incl. vocational training, working conditions, social protection etc.) and is also a crucial aspect of the acquis. The beneficiary will be assisted to implement an ‘internal minority and vulnerable group assessment’ to identify areas where it could improve its internal performance vis-à-vis minorities or other vulnerable groups. In view of the specific sector, it is not expected that the minority aspects will be of prime relevance for the outputs the Public Procurement Bureau and the State Appeals Commission produce.

- **Environmental protection**

The European Community has a longstanding commitment to address environmental concerns in its assistance programmes (as part as a wider commitment to sustainable development). Key references include art. 6 of the Treaty and also the Cardiff process which foresees the systematic consideration of environmental aspects into EC development cooperation AND in other policies. The support will include a specific component to assist the beneficiary to implement an 'internal environment assessment' to identify areas where it could improve its internal performance vis-à-vis environmental aspects. In view of the specific sector, it is not expected that the environmental aspects will be of prime relevance for the outputs the Public Procurement Bureau and the State Appeals Commission produce.

ANNEXES

1 - Log Frame in Standard Format

2 - Amounts contracted and Distributed per Quarter over the full duration of Programme

3 - Description of Institutional Framework

4 - 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 Development Plan
- Reference to national/sectoral investment plans

5 – Details per EU funded contract (*) where applicable:

- *For TA contracts*: account of tasks expected from the contractor
- *For Twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts
- *For Grant schemes*: account of components of the scheme
- *For Investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria
- *For works contracts*: reference list of feasibility study for the constructing works part of the contract as well as a section on investment criteria (**); account of services to be carried out for the service part of the contract

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and construction works):

- Rate of return
- Co-financing
- Compliance with state aids provisions
- Ownership of assets (current and after project completion)

ANNEX 1 - Log frame in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche: Support to the Public Procurement Bureau and State Appeals Commission	Programme name and number: Support to the Public Procurement System		
	Contracting period expires two years from the date of the conclusion of the Financing Agreement	Execution period expires two years from the final date for contracting	Disbursement period expires one year from the final date for execution of contracts.
	Total budget : EUR 1.2 million		IPA budget: EUR 1.2 million

Overall objective	Objectively verifiable indicators	Sources of Verification	
The overall objective of the project is to provide effective public procurement promoting effective use of state budgetary resources in the delivery of good quality public services to citizens with a high level of transparency and accountability.	Level of realisation of public procurement plans Level of trust of the public (measured through survey)	Government procurement plans PPB reports Survey	

Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
The purpose of the project is to further strengthen the capacity of the Public Procurement Bureau in terms of control and advisory function and the capacity of the State Appeals Commission.	Handling capacity of irregularities and complaints.	PPB and SAC reports	High level political support to an accountable and transparent procurement system remains.

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Component I: Support to the PPB <i>Expected results:</i> - Full implementation of the transposed public procurement acquis - An efficient and effective Public Procurement Bureau	Component I: Support to the PPB <i>Measurable indicators:</i> - For all remaining laws and regulations that still need harmonization with the EU acquis	PPB and project reports Public perception survey	Sufficient number of public procurement actions takes place to warrant assessment of functionality of the PPB actions.

<p>with:</p> <ul style="list-style-type: none"> o A sound strategic approach; o Establishment of rules and regulations, including e-procurement; o Competent staff; - Improved public procurement skills of the economic operators; - Full harmonisation of the procurement legislation with the EU acquis; - Effective reduction of corrupt practices (a high level of public trust in the PPB). 	<p>proposals have been developed and forwarded to the Government for adoption;</p> <ul style="list-style-type: none"> - A strategy document adopted by the PPB; - Rule books have been finalized and approved by PPB; - Number of bids (and annual trends) by economic operators that are rejected due to incomplete or otherwise ineligible tender submissions – decreased; - Number (and annual trends) of irregularities identified; - Higher awareness of the public in public procurement measured through an annual survey. 		
<p>Component II: Support to the State Appeals Commission (to be established)</p> <p><i>Expected results:</i></p> <ul style="list-style-type: none"> - Fully established State Appeals Commission endowed with: <ul style="list-style-type: none"> o a full set of internal procedures and guidelines; o a medium term strategic approach to fulfil its mandate; o Annual action plan o Competent staff - Remedy Directive fully implemented; 	<p>Component II: Support to the State Appeals Commission (to be established)</p> <p><i>Measurable indicators:</i></p> <ul style="list-style-type: none"> - State Appeals Commission is established - Comprehensive screening of the internal procedures and guidelines of the State Appeals Commission performed, and proposals for amendments (where relevant) formulated; - Number of complaints received by SAC; - Handling time for review of complaints; - Annual Action plan is 	<p>SAC and project reports</p>	<p>SAC is established SAC Members and staff have been appointed SAC function is accepted by key stakeholders</p>

	<ul style="list-style-type: none"> - implemented - SAC member and the professional staff is trained to implement their tasks - Commission fulfils its reporting obligations 		
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Activities	Means	Costs	Assumptions
Component I: Support to the PPB <ul style="list-style-type: none"> - Identification of laws and regulations that still need harmonization with the EU Acquis, prioritization and subsequent amendment and new law / regulation development; - Development of a strategy for the PPB in a participatory manner; - Identification of rules and regulations that need (improved) operational instructions, prioritization and subsequent development of the instructions; - Development of the e-procurement structure; - Training needs assessment, development of a training plan and subsequent implementation of the training plan to upgrade knowledge of PPB staff; - Assessment of difficulties encountered in the bids by economic operators in public procurement, development of an action plan to address these difficulties with the economic operators, subsequent implementation of the action plan; - Implementation of integrity and anti-corruption guidelines. 	Twinning arrangement	1.000.000 Euro	MS institution interested to enter into a twinning arrangements
Component II: Support to the State Appeals Commission (to be established) <ul style="list-style-type: none"> - Development of a strategy for the SAC in a participatory 	Advisory support through a Framework Contract	200.000 Euro	FWC companies interested to tender

<p>manner;</p> <ul style="list-style-type: none"> - Identification of rules and regulations that need (improved) operational instructions, prioritization and subsequent development of the instructions; - Training needs assessment, development of a training plan and subsequent implementation of the training plan to upgrade knowledge of the SAC members and the professional staff; - Implementation of integrity and anti-corruption guidelines 			
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Pre conditions

- Endorsement by all key stakeholders of the Terms of Reference, specifications for the individual contracts to be engaged;
- Appointment of counterpart personnel by the beneficiaries before contract signatory;
- Allocation of working space and facilities by the beneficiaries for technical assistance before contract signatory;
- Participation by the beneficiaries in the tender process as per EU regulations;
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiaries as per workplan of the project;
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;
- Sufficient managerial and technical human resources allocated to the relevant Departments
- EU procedures to be followed in all tender procedures;
- Timely establishment and functioning of the State Appeals Commission

In the event that conditionalities are not met, suspension or cancellation of projects will be considered.

ANNEX 2 - Amounts (in million EUR) contracted and Distributed per Quarter over the full duration of Programme (IPA funds only)

	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contracted												
Twinning PPB				1.0								
Framework Contract SAP			0.2									
Cumulated			0.2	1.2								
Disbursed												
Twinning PPB				0.8				0.1				0.1
Framework Contract SAP			0.15				0.05					
Cumulated			0.15	0.95			1	1.1				1.2

ANNEX 3 – Description of Institutional Framework

Ministry of Finance - Public Procurement Bureau (PPB)

I. ORGANIGRAM

II. Number of employees: PPB has currently 14 employees including the Director.

III. MANDATE

The mandate of Public Procurement Bureau was given with the Law on Public Procurement, 2007. The Head of the PPB is responsible to the Minister of Finance and to the Government for the work of the PPB.

The competencies of the Public Procurement Bureau are stipulated in Article 14 of the Law on Public Procurement, as follows:

- give proposals to the Minister of Finance for adopting legal and other acts in the field of public procurement;
- monitor and analyze the enforcement of the laws and other public procurement regulations, the functioning of the public procurement system, and shall initiate modifications for improving the public procurement system;
- provide opinions regarding the provisions and the enforcement of LPP;
- advise and assist contracting authorities and economic operators;
- prepare standard tender documentation and standard model forms for the contract award procedures laid down in LPP;
- keep and update records of the public contracts awarded, and make them available on its website;
- collect, process and analyze public procurement data and draft statistical reports;
- immediately inform the contracting authorities, and if necessary, the competent authorities concerned upon detecting irregularities from the notices received;
- determine minimum requirements for professional qualifications for the persons performing professional activities in the field of public procurement;
- organise and conduct training for civil servants and other competent persons with respect to public procurement;
- manage and operate its website and the ESPP;
- cooperate with international institutions and other foreign entities with respect to the activities related to development of the public procurement system;
- realise international cooperation regarding the public procurement system and plan and coordinate foreign technical assistance in this field;
- submit annual report to the Government regarding the functioning of the public procurement system;
- give guidelines and prepare manuals and comments on the public contract award rules and publish a bulletin; and other tasks pursuant to this Law.

IV. BUDGET for 2008 of the PPB: Denar 12,959,000

V. BRIEF DESCRIPTION OF THE UNITS WITHIN THE PPB

- **Department for Normative Affairs and Promotion of the Public Procurement System:**
 - o Unit for normative affairs and international relations - main functions of the Unit are: preparation of the public procurement system legislation, monitoring of the enforcement and realization of the Law on Public Procurement and the corresponding secondary

legislation, giving opinions and proposals for promotion and upgrading of the public procurement system etc.

- Unit for implementation and training - main functions of the Unit are: preparation of manuals for public procurement procedures, preparation of training programmes and organization of training and education for the employees in public sector on public procurement procedures etc.
- **Department for Registers, Statistics and Analysis**
 - Unit for registers and IT development - main functions of the Unit are: maintenance of the web public procurement information system, publishing of contract notices and contract award notices and management of the Register of public procurement etc.
 - Unit for statistics, analysis and public relations - main functions of the Unit are: preparation and publishing of the statistical reports on conducted public contracts, providing assistance for preparation of statistical forms, public relations and cooperation with companies and associations etc.

ANNEX 4 - Reference to laws, regulations and strategic documents

4.a) Reference list of relevant laws and regulations

- Law on Public Procurement (Official Gazette no. 136/07)
- Decree on services which are subject-matter to public service contracts (Official Gazette no. 157/07)
- Decree on works which are subject-matter to public works contracts (Official Gazette no. 158/07)
- Rulebook on the form and contents of the annual procurement plan (Official Gazette no. 154/07)
- Rulebook on the opening of tenders and on the form and contents of the minutes from the tender opening session (Official Gazette no. 154/07)
- Rulebook on the form and contents of the contract notice, the annulment notice and on the form for keeping records for the simplified competitive procedure (Official Gazette no. 154/07)
- Rulebook on the rules for estimating public contracts (Official Gazette no. 154/07)
- Rulebook on the manner of utilization of the electronic procurement system (Official Gazette no. 154/07)
- Rulebook on the notices in the contract award procedures (Official Gazette no. 154/07)
- Law on Public Procurement, 2008
- Law on State Audit
- Law on Government, 2003
- Law on Administrative Inspection, 2004
- Law on Free Access to Public Information, 2006
- Law on General Administrative Procedure, 2005
- Law on Prevention of Corruption, 2004
- Law on Electronic Data and Electronic Signature, 2002
- List establishing the entities subject to the provisions of the Law on Public Procurement, 2004
- Rulebook on the form and contents of the annual public procurement plan, 2004
- Rulebook on the procedure for opening bids in open invitation and limited invitation and for the form for taking minutes of opening the bids, 2004
- Decision on determining equipment, materials and services of defence and security nature, 2004
- Rulebook on the detailed rules for estimating the value of the procurement, 2005
- Rulebook on the form and contents of the form and on the manner of keeping the purchasers' registry of conducted procurements, 2005
- Rulebook on the form and contents of the form and the manner of keeping the single registry, 2005
- Rulebook for the compulsory elements of the tender documentation, 2005
- Methodology for expressing the criteria with points, 2005
- Rulebook on the method, terms and procedure for selecting experts who will examine the regularity of the public procurement procedure, 2005
- Methodology for expressing the criteria in monetary value

4. b) Link with AP/NPAA/EP/SAA

The programme will contribute towards the implementation of the **SAA** Article 68 on legal harmonisation of the public procurement law, and Article 72 on opening-up of the award of public contracts on the basis of non-discrimination and reciprocity.

For public procurement, the **Accession Partnership** outlines the importance of strengthening the complaints committee for public procurement, with the aim to provide an effective remedies system. It calls for achieving fully operational public procurement structures which ensure that public procurement procedures are conducted fully in accordance with the EC standards. The AP furthermore calls for the development of e-procurement.

The **National Plan for Adoption of Acquis** with regard to public procurement intends to further pursue legal development and harmonisation with the Acquis, strengthen capacities of the Public Procurement Bureau as well as the establishment of a State Appeals Commission and its capacity building.

4. c) Link with MIPD

The **Multi-Annual Indicative Planning Document** (MIPD) indicates the need for support to strengthen the administrative capacity in the area of public procurement in order to better enforce procurement legislation.

4. d) Link with National Development Plan

The **National Development Plan** (NDP) calls for improvement of service delivery, and improvement of the quality of services and extension of the basic principles of professionalism, efficiency, political neutrality and service oriented civil service and strengthening the capacity of human resources in the public administration.

4. e) Link with national/ sectoral investment plans

The project directly links to the following key strategies and action plans in the sector (see for a more extensive list annex 3):

- Report on the activities of the Public Procurement Bureau in the realization and functioning of the public procurement system, 2007
- Procurement Plans, 2008
- Strategy of Reforms of Public Administration, 1999
- Pre-Accession Economic Programme (2008-2010), 2007
- Public Investment Programme (2007-2009).

ANNEX 5- Details per EU funded contract

Component 1: Support to the PPB.

The support to the PPB will be implemented through a twinning contract. The twinning arrangement will follow the regular operational instructions as documented in the Twinning Manual. A steering committee will be established to oversee the implementation process of the project activities, while it is expected that the MS

twinning partner will bring in expertise – inter alia - in the fields of administrative capacity building, training, legal development and to address the cross-cutting issues.

The project leaders will be responsible for the overall management, representation (co-ordination with the EU and other international bodies) as well as reporting.

Component 2: Support to the State Appeals Commission

The support to the State Appeals Commission will be provided through a framework contract for services. Technical expertise concerning – inter alia – regulatory development, organisational development, strategy development and specific training will be deployed.

The expected contracting arrangements are:

Financed through IPA:

- 1 Twinning will be concluded between a MS partner and the PPB, with duration of 12 to 24 months. Implementation is expected to start in 4th quarter 2010, one month after the signature of the contract, and the contract value will be approx. EUR 1.000.000
- 1 Framework Contract to provide capacity building support to the State Appeals Commission, with duration of approximately 12 months. Implementation is expected to start in 3rd quarter 2010, one month after contract signature, and the contract value will be approximately Euro 200.000.

It should be noted, that the activities of this project, especially linked with the SAC have to address eventual gaps in present assistance and complement the existing SIGMA support. The actions of the intended contract should upgrade on their outcomes and recommendations.