

Enforcement of the Internal Market Acquis
Standard Summary Project Fiche
Project Number LI 9907.02

1. Title

Strengthening Enforcement of Public Procurement Policy

2. Geographical Location

Public Procurement Office (**PPO**)

3. Objectives

The wider objective of this **0.75 MEUR Project** is to:

- Support Lithuania's enforcement of an open, transparent and competitive public procurement system, achieving, by the end of this Project, compliance with EC legislative requirements and procedures and ECJ rulings, via strengthening the institutional and personnel capacity of PPO.

Phare support will be delivered via a **Twinning and Training Package** focused on achieving:

- Completion of the approximation of legislation, including preparation of secondary legislation,
- Further strengthening the institutional capacity, structures and procedures of PPO, to be based on a medium-term institution building plan, presently being drafted by the beneficiary with the support of on-going Phare assistance,
- Extensive staff training both for staff at PPO and the wider public sector, plus, within the context of an awareness-raising campaign, the private sector,
- Development of standard procurement documentation applicable for all types of public procurement, including the development of guidance materials for entities involved in procurement activities,
- Improved utilisation of informatics to support PPO to monitor enforcement of an open procurement regime, in particular supporting the Independent Complaints Review Commission,
- Limited documentation procurement.

4. Institutional Framework

The Project will be co-ordinated by the Public Procurement Office (PPO), under the guidance of the Director (currently Mr Aleksandras Minkevicius).

PPO started its activities in the second half of 1997 (the Director was appointed in June 1997 and the Provisions of the Office were approved in July 1997), directly subordinated to the Government of the Republic of Lithuania, with no agencies subordinated to itself. PPO's competence focuses on the co-ordination of public procurement activities including:

- Monitoring implementation of the Law on Public Procurement,
- Development of further secondary legislation and normative acts,
- Development of human resources within the field of public procurement,
- Review of suppliers' (contractors'/tenderers') complaints,
- Gathering of information on procurement issues and the provision of such information to state authorities and the public.

PPO is fully staffed, with, as of January 1999, 35 staff, structured as follows (*also see Annex 4 for PPO's Organigramme*):

- Director and Deputy Director (2 officials),
- Administrative-Economic Section (5 officials),
- Financial and Accounting Section (2 officials),
- Methodology Division (5 officials),
- Control and Prevention Division (9 officials – 4 of whom work on Prevention),
- Training Division (6 officials),
- Reporting and Analysis Division (6 officials).

In addition to the Director, the key actors/counterparts for this Project are:

- Methodology Division (Head of Division, Mr Audrius Surantas), responsible for the elaboration, in compliance with EC requirements, of methodological material, standard documentation and guidance materials,
- Reporting and Analysis Division (Head of Division, Ms Asta Urbiene), responsible for the development of information management, including systems in compliance with EC reporting requirements, plus the elaboration and provision of information regarding public procurement,
- Training Division (Head of Division, Mr Alvydas Rajuncius), responsible for the development of training methodologies and materials and for the delivery of training (to be supported via the training-of-trainers) for PPO staff, members of the Independent Complaints Review Commission (ICRC), plus staff of procuring institutions.

5. Description

This **0.75 MEUR** Project will be contracted as a single **Twinning and Training Package to Strengthen Enforcement of Public Procurement Policy**.

A draft Law on Public Procurement is presently being considered by Seimas. The key revisions to be introduced under the draft Law include revised procedures in public procurement (particularly to combat corruption), strengthened review and complaints procedures, including the foreseen establishment of an Independent Complaints Review Commission (ICRC).

As drafted, the Law will achieve compliance with EC requirements in the field of public procurement, with Lithuania's main short-to-medium-term targets therefore related to the implementation of the new Law and follow-up activities. In addition to the preparation of necessary secondary legislation, this will entail policy advice for the development of suitable institutional and procedural arrangements (in particular with regard ICRC), elaboration of basic, model documentation and guidance materials, plus extensive staff training to ensure that methodologies for monitoring enforcement and undertaking reviews and corrective-actions are in full compliance with EC requirements and ECJ judgements.

The Twinning and Training Package financed under this Project will build on the on-going support being provided to PPO under the on-going Phare project "Support to European Integration in Lithuania" (LI 9701-02 – *see Annex 3 for additional information*). This on-going Phare project, itself building on the European Commission's *Road Map for Alignment of Lithuania with Specific Sectors of the Single Market* (Working Paper, 9 March 1998), supports PPO in the area of legal approximation, including the preparation of priority secondary regulations, and in the preparation of a medium-term institutional strengthening/strategic development action plan. It is expected that this

plan (which will form the basis for negotiations on the twinning covenant) will be finalised during autumn 1999.

The Twinning and Training Package, building on the *Road Map* and the on-going activities under the LI 9701-02 project, will therefore assist PPO with:

- The review and, as necessary, revision of the institution building action plan elaborated under the LI 9701-02 project,
- Support with the interpretation of EC legislative requirements and related ECJ judgements, as the basis for the preparation of remaining legal measures, in order to ensure full compliance with the *acquis* by the end of the Project,
- Support implementation of the detailed medium-term plan for strengthening PPO's operations, structures and procedures, including the establishment of effective and transparent internal monitoring instruments and information management, including software development based on public procurement information systems utilised by the Member States. Particular attention needs to be paid to ensuring the effective operation of ICRC (including the establishment of suitable qualification requirements for the members, procedures for appointment etc.),
- The elaboration of standard documents for all types of public procurement (priority being given to works procurement), based on the collection and review of standard documentation used by the Member States, including the translation of draft Lithuanian documentation into the English language. The draft Lithuanian documentation should thus be reviewed in co-operation with the Commission, plus consulted with procuring entities and suppliers/contractors,
- The elaboration of guidance materials to be utilised by actors involved in procurement activities (procuring entities and suppliers/contractors), based on the collection and review of sample documents used by the Member States, including the translation of draft Lithuanian documentation into the English language. The draft Lithuanian materials should thus be reviewed in co-operation with the Commission, plus consulted with procuring entities and suppliers/contractors. Priority areas for such guidance materials include:
 - methodology for selecting the form of procurement based on expected procurement value,
 - classification of goods, services, works,
 - pre-qualification selection and the testing of qualifications,
 - preparation of tender documentation,
 - preparation of tender bids,
 - evaluation and comparison of tender bids,
 - requirements and recommendations for establishing terms and conditions of and execution of contracts, including contract negotiations,
- The provision of policy advice to PPO and elaboration of an action plan for a broad awareness-raising campaign, stressing the implications for Lithuanian public and private sector entities as a result of closer European integration and enforcement of the Europe Agreement. In particular, the action plan should emphasise the shared opportunities and rights for EU and Lithuanian entities to participate in public procurement tenders,
- The development and implementation of an extensive training programme, implemented in the context of the awareness-raising campaign. This will entail the detailed assessment of training and information needs, followed by the elaboration of suitable actions to be undertaken (based on Sigma/ILO 'training-of-trainers' course modules, distance-learning, fellowships to EU Member State(s) etc.), particularly focused on:

- PPO staff, including fellowships for 9 staff to EU Member State(s),
- the ICRC and the wider public sector (approximately 3,000 entities including regional and municipal levels, plus other state agencies),
- the judiciary,
- economic and social partners.

This necessitates that the Twinning and Training Package comprise the following services:

- A 1 year PAA, to provide strategic and operational advice to PPO regarding enforcement of the *acquis*, with a particular emphasis on strengthening PPO's institutional, procedural and management capacity, although the PAA should also provide general strategic guidance across the field of public procurement policy. The PAA, who should be fluent in the English language, will also be responsible for co-ordinating the series of short-term expert inputs,
- A series of short-to-medium-term EU experts (approximately 25 person-months), who should all be fluent in the English language, to provide specialist advisory and training inputs in a range of sectors: e.g. legal approximation, enforcement structures and procedural methodology, information management including software development and information provision, human resource development etc.,
- Other services, primarily for the purposes of interpretation, translation of texts, the development of computer/information systems, provision of documentation etc..

6. Budget (in million EUR)

Project	Investment	Institution Building	Total Phare (= I + IB)	Recipient	IFI	TOTAL
Twinning and Training Package to Strengthen Enforcement of Public Procurement Policy		0.75	0.75	0.07		0.82
TOTAL		0.75	0.75	0.07		0.82

7. Implementation Arrangements

The CFCU is the Implementing Agency responsible for tendering, contracting and accounting. Responsibility for technical preparation and control will remain with the beneficiary: PPO.

It is planned to conclude one single contract: a twinning agreement.

8. Implementation Schedule

Start of twinning arrangements: 2Q/00
 Completion: 2Q/01

9. Equal opportunity

The institutions involved in the project execution will observe equal opportunity of men and women in its recruitment and human resources development. The beneficiary will ensure equal access of men and women to the project activities and results.

10. Environment

N/A

11. Rates of Return

N/A

12. Investment Criteria

N/A

13. Conditionality and Sequencing

The project is conditional upon the adoption of the revised legislation on Public Procurement.

The project will build upon the results of the on-going Phare project “Support to European Integration in Lithuania” (LI 9701-02), under which a medium-term institutional strengthening/strategic development action plan is expected to be finalised during autumn 1999.

The beneficiary, PPO, will provide the team of experts with necessary facilities and counter-part support for implementing the Project.

Logframe Matrix

Annex 1

Strengthening Enforcement of Public Procurement Policy	Project Number: LI 9907.02	Date of Drafting: 04/99	
	Contracting Period Expires: 31/10/2001	Disbursement Period Expires: 31/10/2002	
	Total Budget: 0.82 MEUR	Phare Contribution: 0.75 MEUR	
Wider Objectives	Indicators of Achievement	Sources of Information	Assumptions and Risks
- Use state funds efficiently - Implement anti-corruption measures	Standard procurement documentation adopted	Public Procurement Office	Continued government commitment to the anti-corruption programme
Immediate Objectives	Indicators of Achievement	Sources of Information	Assumptions and Risks
Development of standard procurement documentation	Number of documents developed	Public Procurement Office	- Continued funding into programmes - Effective activity of the work groups
Outputs	Indicators of Achievement	Sources of Information	Assumptions and Risks
- Optimal centralisation degree of public procurement - Proper qualification level of workers of procuring organisations - Sufficient legal and normative basis - Seminars organised for representatives of procuring organisations	- Decisions made by ministries (other departments) - Number of documents and their subjects - Number of measures organised	Information collected by the Public Procurement Office	Suitable funding available
Inputs	Indicators of Achievement	Sources of Information	Assumptions and Risks
- Consultations by foreign experts - Seminars and works on probation for workers of Public Procurement Office	Number of events	Information collected by the Public Procurement Office	Suitable funding available

Cumulative Quarterly Contracting and Disbursement Schedule (in MEUR)**Annex 2a)****LI 9907.02****Cumulative Quarterly Contracting Schedule (MEUR)**

Project	4Q/99	1Q/00	2Q/00	3Q/00	4Q/00	1Q/01	2Q/01	3Q/01	4Q/01	1Q/02	2Q/02	3Q/02	Total
Strengthening Enforcement of Public Procurement Policy			0.75						-----	-----	-----	-----	0.75

Cumulative Quarterly Disbursement Schedule (MEUR)

Project	4Q/99	1Q/00	2Q/00	3Q/00	4Q/00	1Q/01	2Q/01	3Q/01	4Q/01	1Q/02	2Q/02	3Q/02	Total
Strengthening Enforcement of Public Procurement Policy			0.05	0.1	0.25	0.5	0.75						0.75

Detailed Implementation Chart for the Project

LI 9907.02

Annex 2 b)

Year	1999			2000												2001												2002											
	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S			
Twinning and Training Package to Strengthen Enforcement of Public Procurement Policy																																							
- <i>Launch Twinning Request to Member States (after Management Committee – 23 July 1999)</i>																																							
- <i>Selection of Member State(s) for Twinning</i>	X																																						
- <i>Elaboration of Twinning Covenant</i>		X	X	X	X																																		
- <i>Submit Twinning Covenant to the Commission & Steering Committee for Approval</i>					X	X	X																																
Implementation of Twinning Package								X	X	X	X	X	X	X	X	X	X	X	X																				

**Relation of the Project with Previous Phare Activities
and On-Going Projects Financed from Other Sources
LI 9907.02**

Annex 3

On-going support is being provided to PPO under the Phare project “Support to European Integration in Lithuania” (LI 9701-02), assisting PPO in the areas of:

- Support for the further adaptation of Lithuanian public procurement legislation (including the preparation of priority secondary regulations), taking into account Lithuania’s accession to the WTO Government Procurement Agreement (WTO GPA) and EC legislative requirements;
- Support for the further development of public procurement strategy, including the preparation of a medium-term institutional strengthening/strategic development action plan.

N.B. In this context, a study visit to an EU Member State – to be provided for under TAIEX – is planned, focused on the detailed definition of the role of competent EU Member State authorities, in particular addressing the functions and services of a central procurement authority and the role of procurement authorities with delegated administrative functions.

- Recommendations on the collection of information regarding public procurement activities, in particular the elaboration of the Procuring Entities list and sectoral coverage as foreseen by the WTO GPA.

It is expected that this plan (which will form the basis for negotiations on the twinning covenant) will be finalised during autumn 1999.

