



Ministry of Finance
PUBLIC PROCUREMENT BUREAU



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STRATEGY

of the Public Procurement Bureau
for Developing the
Public Procurement System
for the Period 2010-2012

на јавните набавки
2010-2012 година

Objectives and Priorities	5
Promoting the Legal Framework	5
Promoting the Electronic System for Public Procurement	6
Competences and Human Resources Policies	6
Building the Capacities of the Contracting Authorities and Professionalization of the Public Procurement Function.....	7
Enriching the Public Procurement Literature	7
Effective Legal System for Public Procurements	7
More Effective User Support	7
Effective Transition towards EU Accession	8
Building the Capacities of the Employees in the PPB	8
Improving the Public Perception for the Public Procurement Bureau.....	8
Self-sustainability of the Public Procurement Bureau	8
The Contribution of the Public Procurement Bureau to the Government Policies and Economic Development	8
Anticorruption Measures	9
Policies and Sustainability of the Green Procurements	9
Conclusion	9
Action Plan for the Implementation of the Strategy of the Public Procurement Bureau.....	11

Dear Sir or Madam,

I am pleased to present this strategic document to all users of the Public Procurement Bureau's services.

The Bureau has the honour to share with its colleagues the activities and objectives it is planning to achieve in the forthcoming three years.

The mission and vision fully encompasses the Bureau's wishes to support the economic development in the country and to contribute to its overall progress.

The strategy intersects the basic commitment of the Bureau, the strategic goals and development orientations of the national public procurement system.

The achievement of objectives will contribute to a more clear perception of the Bureau's role and for maintaining the public trust in public sector entities.

As a director of the Public Procurement Bureau, I am confident that this institution has the capacity to enable a complete and successful realisation of this strategy for the period 2010-2012.

Yours sincerely,

MA Mare Bogeva - Micovska

Director

Introduction

The centre of attention in today's modern concept of the public procurements is placed on building a public procurement system as a complex whole of impact factors from a political, economical and financial nature, on the type and openness of the domestic economy, the legal system, ethic values, available resources, cultural specificities, the acceptance of new technologies, the dedication to accepting and adopting good international regulations and practices, the intent on participating in the European and world integration developments etc. Therefore, public procurement system is composed of explicitly and accurately determined and elaborated rules and procedures that the entities disposing of citizens' funds are obliged to apply and observe whenever they participate and initiate a process directed towards acquiring supplies, services or works for their needs by entering in contractual obligations with economic operators selected in a competitive manner.

Particularly, the public procurement system is principally composed of a legal framework regulating the public procurements, i.e. the awarding of public contracts, and that is the Law on Public Procurement and its by-laws. However, if we try to see matters from a wider viewpoint, the public procurement system in a certain country, besides the legal framework directly referring to the public procurements, is composed of the overall actions and conduct of the entities that have to implement the legal framework for public procurement in practice, and those are the contracting authorities determined by law, the economic operators, legal entities and natural persons participating in the contract award procedures and the public.

The public procurements can be observed from various aspects. One, of course, is to provide an adequate allocation of the limited public resources and to obtain the best value for money. That is one of the prerequisites making the public procurements an important factor for efficient public consumption. The efficient public procurement system creates numerous opportunities for rational spending of the taxpayers' funds, improving the economic development, generating employment and larger competitiveness.

Another aspect is the market economy development and promotion of the competitiveness. Having regard to the overall public consumption, it can be observed that the public sector is a large consumer that has a serious influence over the entire economy of a given country. The bad and non-competitive practices in the public sector can gravely disturb the functioning of the market. From this aspect, the public procurement system represents an active regulator and instrument of the market economy. Thus the active relation of the state regarding the stimulation of the private sector is confirmed, particularly when the development of small and medium is in question.

The harmonization of the national public procurement systems of the Member States and the applicant countries is one of the most important instruments for internal market strengthening and for removing the impediments of the free trade within EU. The public procurements in EU represent a substantial market and cover 13.5% of the gross domestic product of the Union.

The basic instigators and objectives of the national public procurement system are the strengthening of information society, the increased requests for rational use of the public funds,

as well as the need for the public procurements to become an active instrument of the national economic policies.

Mission

The Public Procurement Bureau (hereinafter: PPB) has a mission to provide the Republic of Macedonia with a secure and safe public procurement system that will fulfil the requests for transparency, equal treatment, openness and which will be the official source for expert information and advices on the good practice concerning the public procurements. In order to achieve this, PPB will develop the capacities of its staff and it will continue fostering the positive relations with its colleagues, associates and the business community.

Vision

In order to fulfil its mission, PPB has the following vision:

- Within a period of three years, the entire public sector and business community will accept the PPB as the most relevant source for expert advices for all participants in the public procurement process.
- PPB will continue to strive to increase the independence in the policy making process concerning the public procurements.
- In addition, PPB will significantly help in reducing the corruption and opportunities for abuses in the public procurements.
- Within a period of three years the electronic auctions will be the most frequent manner in which the contract award procedures will be finalised.
- The Director and the employees in PPB will develop their personal skills and knowledge and therefore they will be very useful to the Republic of Macedonia in the EU accession process.

Objectives and Priorities

Promoting the Legal Framework

In the forthcoming three-year period PPB will continuously monitor the development of the national and European legislation in the public procurement area, in order to identify the difficulties in the functioning of the public procurement system in the country and to propose adequate and well-founded solution for overcoming the legal framework.

The priority in the development of the national legal framework for the public procurement system will be given to further harmonization of the regulations for the EU public procurements, as well as to the implementation of good practices in the public procurements that are applied by the EU Member States and to improve the coherence and logical order of the legal framework as a whole regulating the public procurements in the Republic of Macedonia.

In the development of the legal framework for the public procurement system, the focus of attention will be placed on strengthening the system for review procedures in the contract award procedures.

PPB will seriously consider the possibility for undertaking the works concessions and services concessions and their integration into the public procurement system.

Promoting the Electronic System for Public Procurement

The purpose is achieving an increased and facilitated use of the electronic system for public procurement (including the electronic auctions), which should result in savings in the budget funds and increasing the transparency in the public procurement procedures. For that purpose the following activities have been planned:

- Further improving of the functional and technical capacity of the electronic system for public procurement,
- Establishing a new concept for implementing an electronic auction in the procedures where the economically most advantageous tender will be the contract award criterion, and for increasing the information regarding the manner of using the new e-auctions concept,
- Increasing the number of procedures being carried out through the electronic system for public procurement,
- Improving the manner of submitting the notices for concluded contract and the records of simplified competitive procedures in order to increase the transparency,
- Introducing new electronic tools in the contract award procedures pursuant to the EU Directives – electronic catalogues and dynamic purchasing systems.

Competences and Human Resources Policies

PPB will initiate consultations with the Civil Servants Agency with the purpose of providing total inclusion of the competences for procurement in the complete public sector. The professionalization of the discipline for procurement in the state demands acceptance of the standards on international basis. Therefore, PPB intends to provide its suggestions for certifying the employees to meet these demands.

Pursuant to Article 14 from the Law on Public Procurement determining the activities of the PPB, the necessary collection of competences has already been prepared.

In accordance with the standard practice of good management, the director of the PPB will perform constant audit, and if necessary, adjustment of the managing structure of the PPB with purpose of completely meeting its obligations towards the Government.

Building the Capacities of the Contracting Authorities and Professionalization of the Public Procurement Function

PPB has already elaborated and currently implements a programme for education on public procurement. In the following three-year period, the PPB will make detailed analysis of the experiences from the implementation of the education programme and will undertake measures for its improvement. According to the plans, the Bureau will divide the permanent programme in several parallel programmes which will be directed towards certain segments from the public procurement, as well as towards different target groups. This will concern all sectors starting from the Bureau itself to the wider profession for public procurement in the public sector and the economic operators. Having well trained professionals for procurement in the public sector will lead to significant decrease of the challenges and rise of corruption. The purpose of this activity should be realized via the established Training Centre for Public Procurement. Its legal regulation is of particular importance in order for this process to be successful.

Enriching the Public Procurement Literature

The PPB will continue with creating and publishing manuals for public procurement and other aiding materials pursuant to the national regulations, EU regulations and the good practices. This literature will upgrade the efforts made by PPB for educating the contracting authorities and the economic operators in order to ensure that the said operate pursuant to the most contemporary and the most efficient public procurement practices.

Effective Legal System for Public Procurements

The PPB will continuously change and improve the models of the standard tender documentation, the models of contracts available to the contracting authorities and economic operators in order to ensure that they are in compliance with the current best international practices. This will be performed through analysis of the decisions of the State Appeals Commission on Public Procurement, the decisions of the Administrative Court of the Republic of Macedonia and the findings of the State Audit Office.

By assuming this activity, the PPB will have for its purpose supporting the economic growth of the state and its business community with more effective application of the public means.

More Effective User Support

With the purpose of creating environment where the employees will not be deterred from meeting their main responsibilities because of the *ad hoc* requests for help by the contracting authorities and the economic operators, the PPB has intention to create well structured system for counselling through establishing a contact centre that will provide all interested entities possibility to obtain prompt responses to the questions on the most effective and consistent manner. The accompanying process of registering data will help determining the key problematic areas and the possible misunderstandings; hence, the PPB will be able to prepare comprehensive advice for dealing with these problematic areas as well as the more general processes of informing.

Effective Transition towards EU Accession

The PPB represents main driver of the activities related to Chapter 5 from the National Programme on Adopting the EU *acquis* and as such supports its efforts for accessing the EU. The Bureau plans to work continuously and with enthusiasm in direction of meeting this purpose and it will promote activities and policies that will lead to complete compliance with the *acquis*.

The PPB will work on strengthening its own capacities in order to obtain successful initiation and implementation of the negotiations for acquiring full membership of the Republic of Macedonia in the EU, in the part of the public procurement as central issue in the functioning of the internal market of the EU.

Building the Capacities of the Employees in the PPB

The PPB will try to develop professional skills and qualifications of its employees and to strengthen their skills for negotiations, communication and task distribution. For the purposes of using this as basis for enlargement, the Bureau will introduce a practice where its employees are to establish complete cooperation with the contracting authorities in order to monitor and understand the processes that are being used during procurement in order to amend and direct the support of the PPB towards the priority areas. In order to enable constant and real advice for the contracting authorities and the economic operators, the Bureau will strive to create comprehensive system for managing documents and data.

In order to achieve the said, the PPB will initiate a programme for personal evaluation that will lead to creating single plan for development of each employee in the Bureau. This is an additional measure towards the existing system on annual reports for the civil servants.

Improving the Public Perception for the Public Procurement Bureau

The media, and subsequently the wider public may not completely understand the work of the PPB and the competences according to the law. With the purpose of amending this frequent negative perception, the Bureau will actively engage in the work with the media and will initiate a programme for engaging information communication in order to improve the public profile of the Bureau as main supporter of the rightful actions for public procurement and the decrease of the corruption in this market.

Self-sustainability of the Public Procurement Bureau

Due to the limited government means, and in order to protect the investments of the citizens in the public procurements, the Bureau will strive to provide additional sources of means wherever necessary. In this manner, the PPB will strengthen its financial independence, hence the independence in suggesting new or improving the current public procurement policies. The means will be used for maintaining and upgrading the public procurement system.

The Contribution of the Public Procurement Bureau to the Government Policies and Economic Development

PPB will continue with its proactive role in formulating government public procurement policies. In addition, PPB will maintain the level of innovative solutions offered to the policy-makers which have not been implemented in the national public procurement system. The Bureau will

also put effort to strengthen its influence in relation to the public procurement policies, and based upon its expertise and professionalism.

Anticorruption Measures

Public means have always been subject to corruption and PPB will provide help to the competent institutions such as the State Commission for Prevention of Corruption, the Ministry of Internal Affairs, the Public Prosecutor's Office, etc. in detecting and preventing the acts of corruption in the public procurements.

PPB will continuously cooperate with the Commission for Prevention of Corruption and any other competent authorities and will actively contribute to the implementation of the National Programme for Prevention of Corruption.

Policies and Sustainability of the Green Procurements

PPB is aware that EU more actively promotes the factors for the environment and the sustainability within the public procurements and the country will have to include the said in its public procurement system in order to fulfil the requirements of EU (*acquis*). Therefore PPB will consult the related organizations and where possible, it will include the agreed considerations for the environment and the sustainability in the public procurement process.

Conclusion

With the participation of the public expenditures in the gross domestic product, the state represents an important economic factor. Its activities, the number and the amount of the financial transaction greatly affect the overall economic activity in the country and society in general. In order for this influence to be as positive and stimulating as possible, the interaction of the state and other sectors should be as effective and fair as possible. The objective of the preparation of this strategic document is promotion of the interaction of the state and the business community realized in the form of public procurements.

First of all, the Strategy for Developing the Public Procurement System in the Republic of Macedonia is dynamic and flexible regarding its objectives and measures, which is necessary considering the complexity of all procedures that take place in the public procurement system. Namely, the importance of the legal framework in the area of public procurement in the Republic of Macedonia involves transposing of the rest of the *acquis communautaire* into the national legislation by drafting of special implementation measures and their proper application, raising the awareness of the ongoing reforms and informing the general public on the planned innovations.

The complete implementation of this strategy will enable:

- respect of the basic principle of public procurement; transparency, non-discrimination, competitiveness, equal treatment and achieving best value for money;
- improvement of the competitiveness of the market of goods, services and works contracted by the state, including the granting of concessions for works and services;
- improvement of the process of organisation and management of procurements;

- training and improvement of skills of the persons in charge of public procurement in order to maintain the measurable progress made in successfully implemented contract award procedures;
- application of new technologies for the support of different aspects of public procurement (e-procurement);
- harmonisation of the legislation regulating the area of concessions with the EU *acquis*, while respecting the principles of non-discrimination, principle of equal treatment, transparency, mutual recognition and proportionality in order to strengthen the market competitiveness; and
- appropriate legal protection in the contract award procedures and procedures for granting concessions.

Number 01-1449/1

Director

23.06.2010

Mare Bogeva Micovska MA, signed

Action Plan for the Implementation of the Strategy of the Public Procurement Bureau

OBJECTIVE	No.	Measure	Competent body
Improvement of the legal framework	1.	Analysis of the public procurement legislation (law, bylaws, models of standard tender documents and contract models), in order to establish the need of additional harmonisation and removing of the technical defects.	PPB
	2.	Forming working group composed of several institutions connected to the public procurement system (PPB, SACPP, SAO, SCPC, SEA, LS, ME, CPC etc.)	PPB
	3.	Draft Law Amending the Law on Public Procurement Draft amendments of bylaws Draft amendments of standard tender documents Draft amendments of contract models	PPB
	4.	Analysis of the legislation for concessions of services and works	PPB

	5.	Integration of the concessions in the public procurement system	PPB
Improvement of the Electronic System for Public Procurement (ESPP)	1.	Analysis of the functional and technical part of ESPP and its additional improvement	PPB
	2.	Introduction of a new concept for implementation of e-auction in the procedures where economically most advantageous tender is a criterion for a contract award	PPB
	3.	Increase of the number of procedures implemented through ESPP	PPB and contracting authorities
	4.	Improvement of the manner of submission of contract award notices and records of the simplified competitive procedures	PPB and contracting authorities
	5.	Introduction of new electronic tools (e-catalogues or dynamic buying system)	PPB
Competencies and human resources policies	1.	Draft competencies which the persons working with public procurements should own	PPB and SCA
	2.	Adoption of the competencies and their incorporation in the acts for systematisation of workplaces in the contracting authorities	PPB and SCA

Capacity building of the contracting authorities and professionalization of the public procurement function	1.	Draft version of the Public Procurement Manual	PPB
	2.	Analysis of the existing Education Programme implemented and organised PPB	PPB
	3.	Development of several curricula for education directed towards certain segments of public procurement and different target groups	PPB
	4.	Realising the provisions of the law referring to the professionalization of persons working with public procurement, by issuing special certificates which confirm their obtained knowledge	PPB
	5.	Development of the formed Training Centre for Public Procurement in which PPB will conduct trainings for trainers to-be, as well as trainings for certification of persons working with public procurement at the contracting authorities and economic operators.	PPB
	1.	Analysis of the existing manuals in order to establish the needs for issuing new ones for the areas which have not been covered yet or their improvement	PPB
Enrichment of professional public procurement literature	2.	Issuing manuals for certain areas of public procurement which will help the contracting authorities and economic operators to improve their knowledge.	PPB
	1.	Analysis of the standard tender documentation and contract models published on the PPB web page	PPB and SACPP
Effective legal system			

	2.	Analysis of SACPP's decisions	PPB and SACPP
	3.	Analysis of SAO's findings and reports	PPB and SAO
	4.	Analysis of the verdict of the Administrative Court	PPB and Administrative Court
	5.	Improvement and amendment of the standard tender documentation and contract models complied with the views of SAO, SACPP and Administrative Court	PPB
More effective user support	1.	Introduction of single phone line for support	PPB
	2.	Examination of the line functioning and determining whether the manner of its functioning meets the user's needs	PPB
Effective transition towards EU accession	1.	Monitoring and audit of NPAA	PPB and SEA
	2.	Meeting the obligations from NPAA	PPB and SEA

	3.	Complied public procurement system which is complied with <i>acquis</i>	PPB and SEA
	4.	Trained staff which will be included in the process of EU negotiations	PPB
Capacity building of the PPB employees	1.	Analysis of the professional competencies of the PPB employees	USAID
	2.	Vocational training which will increase the skills of the employees in terms of negotiating and delegating tasks, as well as communication skills.	PPB and donor
	3.	Development of the system for monitoring of the work processes in PPB, documents management system	PPB and donor
	4.	Development plans for the employees	PPB, Human Resources Unit
Improvement of the PPB perception for the public	1.	Promotion of the positive views and opinions for PPB	PPB and donors
	2.	Training for the media	PPB and donors

	3.	Preparation of the PPB's programme for informative communication	PPB and donor
Self-sustaining of PPB	1.	New manner of generating the incomes for use of ESPP	PPB
Contribution of PPB towards the Government policies and economic development	1.	Public procurement system which will respect the principles of transparency, equal treatment, non-discrimination, contributing to the economic growth and its sustainability, increase of the employment rate which are actually the main objectives of the Government	PPB
	2.	Promotion of the use of electronic means in the implementation of the contract award procedures, resulting from the Government's commitments	PPB
	3.	Proposing new electronic tools in the public procurement	PPB
	4.	Monitoring the innovations on European and international level and proposing them to the Government of the Republic of Macedonia	PPB
Anticorruption measures	1.	Participation in the preparation and realisation of the State Programme for the Prevention of Corruption prepared by SCPC	SCPC and PPB
	2.	Informing the competent state authorities (PP, MI and SCPC) on the identified potential cases of corruption	PPB

Policies of the sustainability of green procurements	1.	Adoption of the EU policies referring to the green procurements and their promotion in the public procurement system in the Republic of Macedonia	PPB
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