

## 05 – PUBLIC PROCUREMENT

Public Procurement is an important component of every modern economy. Efficient public procurement system is essential in achieving goals of free market and providing conditions for market competition. Public Procurement System is based on the principles of transparency, equal treatment, free market competition and non-discrimination.

EU Public Procurement involved set of activities on the side of contracting authority from the EU member states for procuring goods, providing services or performing tasks. Procuring entities include public contracting authorities, such as state institutions, towns, municipalities and sector purchasers carrying out the activities of water, energy, transport and postal services.

The goal of the European legislation in this field is to provide the opportunity for the suppliers of goods, providers of services and performers of works to compete in public tenders within the EU member states. The aim is, on the one hand, the strengthening of economic growth and efficiency, but also giving full sense to the EU single market. The Institutions established for this purpose need to ensure compliance with the legislative framework at all levels and provide efficient system of legal protection in public procurement procedures, which among other things is based on the right of appeal. Contracting authorities are required to carry out the Public Procurement procedure with full respect for the principle of transparency.

Also, the Public Procurement system includes a public-private partnership and concessions. Public-Private Partnership projects are aimed at meeting a public need, that is the projects aimed at providing public services within the competence of public authority.

Public Procurement in the EU represents remarkable market. According to assessment of the European Commission total Public Procurement value amounts around 16% GDP in Union.

It is obvious that Public Authorities spend a lot of money on Public Procurement; According to data of 2012 share of the Public Procurement in gross domestic product in Montenegro amounts to 13,20%.

Competitive practice in Public Procurement is the key for more efficient public expenditure. Competitive and transparent public procedure serves as a help to the Public Authorities in providing goods and services of better quality for less money. Application of appropriate public procurement procedures and the large competition when it comes to the public contracts in the EU reduce prices by around 30%. It results in spending tax-payers money in more efficient way, improving the economic growth and creating new conditions and better competition.

Harmonization of the Public Procurement systems of the member states is one of the most important tools for establishing the internal market and removal of the barriers for the free trade within the EU. The Reform of the EU Directive on Public Procurement provides for the intensive use of public procurement as a tool to promote sustainable development, which is achieved through the introduction of obligation for the observance of the high social and the environmental criteria as well as the increasing availability in the public procurement process for small and medium sized enterprises.

What Montenegro should expect during the negotiations in this chapter is primarily to harmonize the fields of concessions and public-private partnership and this will pose a particular challenge.

Public-private partnership is established and implemented with the aim of producing additional value and improving the quality of life through the efficient and sustainable use of resources, building and maintenance of the infrastructure and encouraging the innovations.

Furthermore, Montenegro will strengthen the legal protection in the area of public procurement, provide steady control over the enforcement of the contract and primarily improve the monitoring and the activities aiming at prevention of the conflict of interests in the Public Procurement contracts.

By enrolling at the World Trade Organization, on 29 April 2012 Montenegro provided the opportunity to participate in the international scene within which the Government Procurement Agreement (GPA) has a special importance and our country obtained the status of observer therein; Operations in the view of the negotiations on accession to the Agreement will commence at the later stages.

By alignment of its legislation with the European Union, Montenegro will strengthen the already well-regulated area of sustainable public procurement; Option of introducing the E-public procurement system allows for the more modernized approach to the activities included in this area.