




13th PRIMO Forum  
“Government, Business &  
Civil Society: Fight  
Corruption Together”



PUBLIC PROCUREMENT  
ADMINISTRATION OF MONTENEGRO

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Kiev, 23/25 May 2017



Over the years a sound management of public procurement has become a key determinant of good governance and progress of the country.

According to the EU statistical office Eurostat, the countries of the region have not made progress in approaching the level of economic activity and living standards of their population to the EU average during the past two years.



No.	Country	Year	Share of public procurement in overall GDP %
1.	Montenegro	2015	11.89 %
2.	Bosnia and Herzegovina	2015	5.02 %
3.	Croatia	2015	12.14 %
4.	FYR Macedonia	2015	8.00%
5.	Serbia	2015	8.93 %
6.	Kosovo	2015	14.00 %



EU also has a unique responsibility when it comes to fight against corruption, both within its borders and globally.

An efficient and timely public procurement procedure becomes a key element upon realization of policy goals in each segment of public administration.

Corruption and organized crime are among the biggest threats to the rule of law and development of the modern democratic society.

As in other countries, public procurement in Montenegro has been recognized as an area of particular risk to corruption, and that was established in number of official documents issued by the Government of MNE (*Strategy for Fight Against Corruption and Organized Crime; Risk Assessment of Corruption in Particularly Vulnerable Areas*)



# Legislative provisions on corruption

- The Public Procurement Law of Montenegro (OG of MNE 57/14) contains a particular chapter covering the measures related to prevention of corruption, i.e. anti-corruption policy and policy of conflict of interest in public procurement field, on the side of both contracting authorities and bidders (statement on non-existence of conflict of interest which is an integral part of tender documentation).



## Rulebook on Methodology of Risk Analysis in Performing Control over Public Procurement Procedures

The Public Procurement Administration, in cooperation with the NGO sector (Institute Alternative) and the Administration for Inspection Affairs, Ministry of Finance and the State Commission for Control of Public Procurement Procedures, prepared the **Methodology for Determining the Risk Analysis in Public Procurement** which contains the **Rulebook on Method of Keeping the Records on Violation of Anti-corruption Rules** and a very important **methodology** prepared by the Administration for Inspection Affairs, related to the **control over management of contracts**.

It should be noted that the NGO sector takes an active participation in developing all policy documents in public procurement field, especially as regards the area of fight against corruption (the new PPL, the Strategy and the aforementioned Methodology)





# Cooperation with NGOs in 2015

Two panel discussions on topic *“How to fight corruption in public procurement”*

A panel discussion on topic *“Civil society and citizens against corruption in public procurement”*

Roundtable themed *“Chapter 23 – Where did we get with reform process and how to secure the progress”*

Regional conference *“Towards the efficient public procurement mechanisms in (potential) candidate countries for the EU membership”*

National IX Anti-corruption Conference organized by the NGO sector and the PPA



# Cooperation with NGOs in 2016

Memorandum on cooperation between the PPA and the Centre for Research and Monitoring

The Public Procurement Forum organized by the NGOs

Two conferences on topic *“A path towards an effective purposefulness of public procurement”*

A conference on topic *“Assessment of corruption risks within the health system of Montenegro”*





The problems in public procurement field faced by most of the EU candidate countries or countries in accession process can be summarized in the following manner:



**1.** The institute of insufficiently efficient mechanisms for preventing corruption in public procurement;

*This is primarily about the fact that improving public procurement system makes sense only if public procurement is seen as a process which starts by planning of needs, and ends by reporting and auditing of implemented contracts,*

**2.** The gap between the tasks prescribed by the Law and the capacities of institutions in charge of public procurement policy,

**3.** Training and method of professionalization of officers who run the public procurement system and work therein,

**4.** Poor coordination between the relevant state authorities,



**5. insufficiently productive use of international aid and the advantages of cooperation with relevant institutions from other countries.**



What are the contemporary challenges related to Montenegro in the future development of the system of public procurement policy?



1. Finding a **balance** between the cost and quality on one hand, and on the other a balance between human rights and good governance,
2. Transparency of the process as a tool for improving the **efficiency** of public procurement,
3. **Corruption** and public procurement,
4. Framework agreements (**multi-annual contracts**),
5. International **support**,
6. The ways in which **internal and external audit** improve the quality of management, as well as the external monitoring,
7. Support to **innovations** and participation of **small and medium enterprises**



Public procurement, despite being public in accordance with its title, gives an impression of a marginal, grey zone in the work of state administration, or an area left to more or less an individual control by private sector and state administration.

However, the perception of the public as well as of many stakeholders is that *“there is something suspicious in public procurement contracts”*.

Taking into account the above percentages that define the total public spending to just above 11% of GDP, the importance of public procurement for the country and the EU oriented economy is evident. That is why it is realistic to conclude that public procurement can have a significant impact on the global financial and economic stability. **Therefore, we can also talk about the unique responsibility of the state and state institutions within their policies.**



We may agree that public procurement is no longer just a simple, routine clerical activity conducted within an isolated department of a ministry.

The procurement professionals of today have to deal with emerging markets and rapidly evolving technologies, techniques and tools for the acquisition of goods, services and works.

In addition to traditional legal obligations, procurement specialists must demonstrate knowledge of international agreements, labor and ecological environment, standards, **to take into account the risks of potential corruption, but also to know the indicators that would detect the corruption in this area.**





When we talk about the risks of potential corruption and the indicators that would determine the corruption in this area, the following should be noted:

- Corruption is the first association the majority of citizens have when public procurement in Montenegro is mentioned, regardless of extent of their knowledge about management of public finances or mechanisms of governance over state or local self-government. However, the idea of establishing a public procurement system is completely the opposite.
- The public procurement system should provide an effective **prevention of corruption and enable its easier sanctioning in case it occurs.**



There is a cure for corruption in public procurement, but its implementation is complex and requires activity of a large number of actors and constant adjustments.

It's not about once and for all given recipe which, once applied, gives lasting effects. However, the elements of the solution are relatively constant.

In purpose of achieving the given effects, the PPA, the Government of MNE and the MF are working primarily on raising the level of the following:



- TRANSPARENCY (The Law on Free Access to Information; the Public Procurement Portal);
- INCLUSION OF THE BUSINESS SECTOR;
- STRENGTHENING OF INTERNAL AND EXTERNAL CONTROL MECHANISMS;
- PROTECTION OF “WHISTLEBLOWERS”;
- THE ROLE OF CIVIL SECTOR.



## International support

Determining the right way to use international assistance is of utmost importance for its beneficiaries to help build their institutional capacities. The experiences so far witness the paradox that this assistance has often been contraproductive: it led to weakening of domestic institutions, rather than their strengthening. The adverse effects resulted from mutual opposition of the two main goals of the international organizations providing assistance, and these are as follows:

1. that the assistance reaches the end users in a quick and efficient manner without unnecessary losses and
2. to increase the capacity of local administration so as to enable it to continue later to provide these services itself to end users at a higher level.



## Efforts on improving the management of public procurement

- Harmonization of public procurement policy and practice with the EU acquis,
- Building capacities for contracting authorities and economic operators,
- Remedies in public procurement,
- Sustainable public procurement, application of electronic public procurement, i.e. of ICT.



Thank you for your attention

Any questions?