

## **Welcome address**

### **Evaluation of the System of Public Procurement in Serbia (presentation of public opinion poll's results)**

**Media center, 20 April 2005**

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Ladies and Gentlemen:

I would like to welcome you on behalf of the OSCE Mission in Serbia and Montenegro. I am very pleased to open this presentation in the presence of Mr. Predrag Jovanovic, Head of the Public Procurement Office, an institution that our Mission has been supporting since its establishment.

Almost three years ago, the OSCE Mission warmly welcomed the adoption of the Public Procurement Law. We believe that it is a crucial instrument for providing transparency in the use of public funds and reducing possible corruption in the procurement of goods and services by public entities.

Since the introduction of this law, the Mission has striven to support the public procurement institutions, namely the Public Procurement Office and the Commission for Protection of Rights. We have in particular focussed on training the staff of the Public Procurement Office and the Commission. In addition we have explained the new tendering procedures to representatives of Serbian businesses. We used some of the experience gained by neighboring countries, such as Slovenia, in this field.

Although we have seen major progress in terms of transparency and increased competition, there is room for further improvement.

In particular, I would like to use this opportunity to echo the recommendations of the European Union, which were done in the framework of the "Enhanced Permanent Dialogue" process. During their last visit<sup>1</sup> to Serbia, the European delegates have emphasized that "*confidence and transparency of the procedure are directly dependent on legal remedies available to tenderers*". They have further underlined that the Commission for Protection of Rights must become completely independent in its work.

Certainly EU requirements are considered a valuable motivation for improving the existing institution and regulatory framework. However – and this is the reason why the OSCE Mission has supported the present poll research - the needs of those who have to use these procedures are just as important. This poll was therefore aimed at collecting and analyzing the perception of the users of public procurement procedures, namely the awarding authorities and the bidders. It is important to assess how the practitioners themselves experience the existing procedures and what their expectations are, if any, in terms of practical, institutional and regulatory improvements.

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<sup>1</sup> Sixth meeting between SaM and the EU, held on 27-28 January 2005 in Belgrade in the framework of the "Enhanced Permanent Dialogue" process.

As you will see from the extensive research done by Mr. Mihajlovic on behalf of CESID and carried out among a considerable panel of participants in the public procurement process, many have welcomed the achieved improvements. These improvements are both in terms of improved transparency and increased number of bidders participating to tenders, as compared to the period previous to the adoption of the Law.

In the same time, they are appealing for a simplification of procedures and for a strengthening of control and protection of the bidders' rights. In particular, they advocate a strengthening of the independence of the Public Procurement Office and the Commission for Protection of Rights.

One worrying conclusion is many participants in public tenders claim that corruption continues to affect the public procurement procedures.

That is why our Mission will continue to promote, with our partners in government, legislative and institutional improvements in the area of public procurement. In particular, such changes should be in three areas:

- The rights of bidders as well as public interest may be better served by a fully independent Commission for Protection of Rights, whose members would be appointed in a manner that prevents potential pressure and influence of various interest groups.
- Equal treatment should be granted to domestic and foreign bidders. The preferential treatment that currently benefits domestic businesses should be seen as an interim solution. I am hopeful that over time, as required by EU standards, this protection will be reduced and ultimately abolished.
- In addition, the OSCE Mission will continue to promote the completion of an institutional framework able to guarantee transparency and accountability in the use of public funds. I am here referring to the necessity of establishing a supreme audit institution as soon as possible

I hope you will appreciate the results of this significant research. I am looking forward to jointly working with our partners to further improve the public procurement system in Serbia.

Thank you.