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PRIORITIES

SERBIA

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2013-2020 SIGMA COUNTRY PRIORITIES FOR PUBLIC ADMINISTRATION REFORM – Explanatory note

Aim and structure of proposals

SIGMA has identified the following country priorities for public administration reform (PAR), which are a continuation of the 2013 SIGMA assessments and part of a longer-term programme of work. Priorities cover the overall PAR needs of the country, including areas which were not covered by the assessments. Priorities in areas outside the scope of SIGMA assessments are based on other analytical sources and SIGMA's practical experience of working with the country.

SIGMA proposes priority 2020 targets for the countries, sub-targets when needed, and sequenced priority activities in 1-2, 3-5 and 5+ year time perspectives. The EC may wish to use the identified priorities to feed into the planning of EU assistance, in particular for IPA II, and to inform discussions with the country on public administration reform priorities.

SERBIA**2013-2020 SIGMA COUNTRY PRIORITIES****The following priority targets are proposed for Serbia for 2020:**

1. A coherent policy co-ordination, planning and development system is in place, with coherent medium-term planning documents and consolidated sectoral strategies, which are clearly linked, supporting the objectives of the Government and enabling prioritisation and budgetary planning and monitoring.
2. An efficient and effective interministerial public administration reform co-ordination system is in place, which enables priority setting at the political level, provides resources for the timely and consistent implementation of these priorities and includes monitoring and evaluation mechanisms.
3. A civil service system based on merit is in place, and it is comparable to the systems in EU Member States. Integrity systems have been incorporated into the civil service, and officials are for the most part aware of their obligations and of the ethical behaviour expected of them. The organisational structure of the public sector is cohesive, rational and efficient, and it is based on clear, adequate criteria that enable effective organisational solutions to problems. Sound administrative procedures are applied in most areas, offering legal certainty to citizens and businesses.
4. The requirements of the EU directive on the budgetary framework have been improved, as well as internationally agreed and EU-compliant principles, standards and methods for public internal financial control (PIFC), which apply to the internal control systems of the entire public sector, including control of the spending of EU funds. An operationally and financially independent supreme audit institution (SAI) is in place, with a relevant and effective reporting mechanism. A better balanced budget and reduced debt level have been achieved through, stronger financial management and control and audit processes.
5. The public procurement system, including public-private partnerships (PPPs)/concessions, is in place and is fully operational, in accordance with EU rules and good international practice. Public procurement operations provide value for money, are sustainable under budgetary limitations and projections, and stimulate economic growth. Contracting authorities, economic operators and civil society are confident in the fairness and integrity of the system. Fraud and corruption have been significantly reduced.

POLICY MAKING AND CO-ORDINATION

STATE OF PLAY

In the policy making and co-ordination area, the main challenge for Serbia is to ensure that policy is planned in a more co-ordinated manner. Clearer links need to be established between the existing planning documents, such as the Government Annual Work Plan and the Fiscal Strategy. Medium-term planning should be further developed. The connection between political priorities and administrative planning needs to be strengthened.

The main document setting out the priorities of the Government is the Prime Minister's Exposé, but there is no institutionalised mechanism for transforming those political priorities into strategic documents of the administration (Government Annual Work Plan – GAWP, Medium-Term Expenditure Framework, sectoral strategies). There are no central medium-term planning documents, and the GAWP does not specify policy priorities and is not connected with the budget. Another challenge relates to the coherence of the strategic planning and budgetary planning cycle. The strategic planning system requires greater coherence, as approximately 90 strategic documents exist, at sector and sub-sector levels, which include priorities that are often donor-driven rather than by the Government. Interlinkages between those documents are often weak. The General Secretariat of the Government (GSG) aims to improve the situation. A new methodology for strategic planning has been elaborated, but its adoption has been delayed several times.¹

Fragmentation is a common feature of the overall policy development and decision making system. Often policy development is hindered by opposing views of various ministries and by the lack of communication and consultation between key stakeholders.²

Improvement of the policy making and co-ordination system will also contribute to the better co-ordination of PAR by establishing a clear and coherent framework for the development of sectoral strategies and by increasing policy planning and development capacities.

Target 2020	A coherent policy co-ordination, planning and development system is in place, with coherent medium-term planning documents and consolidated sectoral strategies, which are clearly linked, supporting the objectives of the Government and enabling prioritisation and budgetary planning and monitoring.
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¹ Sources: SIGMA's 2012 assessment of policy making and co-ordination in Serbia; SIGMA's programming mission to Belgrade in December 2012; data collection in the framework of SIGMA's 2013 assessment of public administration reform co-ordination in Serbia.

² Source: SIGMA's programming mission to Belgrade in December 2012.

POLICY MAKING AND CO-ORDINATION

1-2 Years	<ol style="list-style-type: none"> 1. Government to adopt the methodology for strategic planning, with the aim of creating a clear framework for developing and monitoring sectoral strategies; 2. GSG to launch a capacity building programme, following the adoption of the methodology which includes guidance materials and training for ministries to support the implementation of new working practices; 3. Increase the skills within the GSG to analyse and put forward proposals related to the priorities of the Government and to co-ordinate policy development by ministries; 4. Centre of Government institutions to start the establishment of a medium-term planning system, under the co-ordination of the GSG, for the development and adoption of the Government's Strategic Objectives, as derived from the Prime Minister's Exposé, streamlining the process with the elaboration of the GAWP for 2014; 5. Government to create a task force, comprised of representatives of the GSG and the Ministry of Finance and Economy (MoFE), with the aim of harmonising work planning and budgetary processes; 6. Under the co-ordination of the abovementioned task force, align timeframes for developing the GAWP and the annual budget and apply the same timeline and coherent reporting requirements to the implementation of the GAWP and the budget; 7. Government to introduce a rule whereby, prior to the development of each strategy, either the Government or the GSG (together with the MoFE) is obliged to approve the strategy's terms of reference, with a view to consolidating the system of sectoral strategies; 8. Government to ensure delivery, through the policy development process, of better quality policies and legislation that reflect the priorities of the Government and not those of individual ministries, by introducing a requirement of consultation with the GSG and its approval of the membership of each new working group so as to ensure that the relevant ministries are represented; 9. GSG to develop the capacity of line ministries to consult effectively with non-governmental organisations (NGOs) and with the public, integrating the consultative process into policy making by providing written guidance and training on consultation methods;
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POLICY MAKING AND CO-ORDINATION

3 -5 Years	<ol style="list-style-type: none"> 10. Centre of Government institutions to develop the Strategic Objectives of the Government, the Economic and Fiscal Programme and the GAWP as a coherent process at the beginning of the new government cycle; 11. Under the leadership of the GSG, include prioritisation and financial impacts in the GAWP to ensure that the budgetary process respects the agreed priorities set; 12. GSG and the MoFE to gradually decrease the number of sectoral strategies by restricting the elaboration of narrow and fragmented strategies; 13. Government to set the requirement that the implementation report on every strategy is to be presented every two years, with any adjustment proposals; 14. GSG and MoFE to gradually introduce performance indicators into the reporting on the Strategic Objectives of the Government, the GAWP and the Economic and Fiscal Programme; 15. GSG to review the operation of the expanded membership working groups and introduce into each group at least one member representing a civil society organisation.
5 + Years	<ol style="list-style-type: none"> 16. GSG to introduce performance indicators into the Strategic Objectives of the Government; 17. GSG to launch a fully coherent system of sectoral strategies in the framework of planning for the new EU financial perspective.

IMPLEMENTATION AND CO-ORDINATION OF PUBLIC ADMINISTRATION REFORM

STATE OF PLAY

Public administration reform (PAR) is one of many sectoral policies. The PAR Strategy is one of more than approximately 90 strategies that have been adopted by the Government. Special attention is required for the implementation and co-ordination of PAR because of its horizontal nature, its impact on government bodies, and the need for stakeholder involvement.

The priorities for PAR, set out in the Prime Minister's Exposé, have been translated into more specific PAR activities in the Government's key strategic documents, mainly the Government Annual Work Plan (GAWP). The Prime Minister's Exposé established the rationalisation of the public sector as a key objective of PAR policy (for further reference, see the priorities for policy making and co-ordination).

The long-term guidance document for PAR is the Public Administration Reform Strategy, which was adopted in 2004. The draft of a new PAR Strategy and Action Plan is being developed, but this draft has not yet been the subject of official interministerial and stakeholder consultation. The draft PAR Strategy covers the Government's overall policy objectives of public administration reform, but it lacks a clear whole-of-government perspective. An operational tool for the implementation and co-ordination of the Strategy is also needed.

While a co-ordination structure for the development of the draft PAR Strategy and the Action Plan for its implementation is in place, a decision will be required on the PAR co-ordination structures for the future implementation of the new PAR Strategy, once approved. Administrative interministerial co-ordination mechanisms exist, but there is no active platform for priority setting as the Government's Public Administration Reform Council has not functioned since the election of the new Government. The main challenges for PAR co-ordination and implementation to be addressed in Serbia are the overall priority setting and PAR co-ordination; resourcing and linkage to budgetary planning; operational coherence of the Government's key PAR documents; operational structures for the co-ordination of PAR implementation; and a proper system for impact assessment and reporting.

Target 2020	An efficient and effective interministerial public administration reform co-ordination system is in place, which enables priority setting at the political level, provides resources for the timely and consistent implementation of these priorities and includes monitoring and evaluation mechanisms.
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IMPLEMENTATION AND CO-ORDINATION OF PUBLIC ADMINISTRATION REFORM

1-2 Years	<ol style="list-style-type: none"> 1. MJPA to develop and the Government to adopt a new Public Administration Reform (PAR) Strategy for Serbia for the period 2013-2020, with a first Action Plan covering the period 2013-2016; 2. Government to nominate ministers to the PAR Council and organise regular meetings of the Council so as to ensure overall priority setting, steering and monitoring of the whole-of-government PAR agenda; 3. MJPA to take the lead in establishing a “core government PAR co-ordination group” with the participation of the MJPA, MoFE, Ministry of Regional Development and Local Self-Government (MRDLSG), GSG/Office of the Prime Minister (OPM) and Serbian European Integration Office (SEIO); 4. MPA to establish government procedures to ensure the efficient and effective co-ordination between the PAR Council, other PAR co-ordination structures and other government co-ordination structures affecting PAR, such as structures dealing with European integration; 5. Once the new PAR Strategy has been approved by the Government and on that basis, the MJPA to take the lead in establishing a whole-of-government PAR administrative co-ordination mechanism for the implementation of the new PAR Strategy (2020) and Action Plan (2013-2016), including adequately staffed secretariat in the lead ministry as well as efficient mechanism for ensuring consultation with regular NGOs and civil society and their involvement in PAR implementation and monitoring; 6. MJPA to analyse the coherence of PAR-related strategies under development in 2013, with the aim of ensuring the coherence of these strategies with the overall objectives of the Government.
3-5 Years	<ol style="list-style-type: none"> 7. MJPA to initiate the co-ordination and development of a quality framework for public services, including key performance indicators; 8. PAR Council to take stock by assessing the full implementation, impact, shortcomings and gaps of the PAR Strategy (2020) and Action Plan 2013-2016; 9. MJPA to develop a new PAR Action Plan 2017-2020, whereby full coherence with the overall objectives and priorities of the Government are ensured; 10. MJPA to improve external and internal communication on PAR in Serbia through a newly developed, approved and implemented PAR Communication Strategy 2016-2020, including citizens’ orientation plan 2016-2020, whereby citizens would be kept informed and involved in PAR developments and projects.

CIVIL SERVICE AND ADMINISTRATIVE LEGAL FRAMEWORK

STATE OF PLAY	
<p>The recruitment and career system is not yet fully merit-based and recruitment is still prone to political influence. A number of appointments to senior civil service positions are still pending. Selection procedures are not applied uniformly and managers still have too much discretion when choosing candidates from lists drawn up by selection panels following competitions. Temporary employees are still not recruited according to competitive criteria and contracts are allocated without internal or public competition. A new training programme for civil servants was adopted in 2012 and several training courses were delivered. However, only a small percentage of civil servants, and in particular a very small percentage of managers, took part in training. Induction training is not provided.³</p>	
Target 2020	<p>A civil service system based on merit is in place comparable to the systems in EU Member States. Integrity systems have been incorporated into the civil service, and officials are for the most part aware of their obligations and the ethical behaviour expected of them.</p> <p>The organisational structure of the public sector is cohesive, rational and efficient, and sound administrative procedures are applied in most areas, offering legal certainty to citizens and businesses.</p>

³ EC Serbia 2012 Progress Report, SWD(2012) 333 final.

CIVIL SERVICE AND ADMINISTRATIVE LEGAL FRAMEWORK

A civil service system based on merit is in place comparable to the systems in EU Member States. A central institutional framework for HRM has been established. Line ministries have adequate HRM capacities. Integrity systems have been incorporated into the civil service, and officials are for the most part aware of their obligations and the ethical behaviour expected of them.

1-2 Years	<ol style="list-style-type: none"> 1. MJPA to review and assess the impacts of previous rationalisation measures of the Law on Civil Servants (amended in 2009) and of the laws defining the maximum number of employees in the central administration and in local governments (enacted in 2009); 2. MJPA to reinforce the central institutional framework in charge of public employment in order to enhance its capacities to effectively manage and implement the legislation on civil service, by clarifying the roles and competences of the Ministry, reforming its internal structure and management, and hiring and training HRM professionals; 3. MJPA to design an effective organisational arrangement to deliver training on horizontal issues (a public administration school or other options), under the competence of the Ministry; 4. MJPA to support the implementation of merit-based public employment, by developing guidelines and other non-binding instruments and by delivering targeted training to selection bodies, managers and political appointees; 5. MJPA to enhance the capacities of line ministries and HRM bodies by reinforcing the HRM units with HRM specialists and by training existing staff; 6. Enhance the capacities of Parliament to monitor key public employment issues, by supporting the relevant committee; 7. MJPA to review and reform the performance appraisal system so as to enhance its effectiveness and prevent risks of unfairness; 8. MJPA and Anti-Corruption Agency (ACA) to assess the current institutional framework with a view to establishing a sound integrity system in the civil service, enabling the ACA to operate an effective system of disclosure and selective checking of asset and conflict-of-interest declarations; ACA to receive support in its preventive functions of guiding public bodies in the elaboration of integrity plans and of raising the awareness of high-ranking officials; 9. Government and ACA to analyse and amend regulations to provide adequate whistleblower protection in the civil service.
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CIVIL SERVICE AND ADMINISTRATIVE LEGAL FRAMEWORK

3 -5 Years	<ol style="list-style-type: none">10. MJPA to reinforce the legal framework for the merit system by revising the scope of the civil service, considering whether other categories should be included, and by assessing the regulations regarding political advisors and other politically appointed positions, and introduce amendments if needed;11. MJPA to professionalise management positions in the administration by considering the introduction of a law to create a senior civil service scheme;12. ACA and MJPA to create capacities for managing integrity in the civil service by jointly developing models and methodologies for elaborating integrity plans in selected public institutions and for training integrity managers;13. MJPA to raise the awareness of public employees and citizens of the advantages of the merit system by developing information campaigns and the Parliament to provide opportunities for MPs and other politicians to exchange with counterparts from EU Member States;14. MJPA to conduct a mid-term external assessment to identify the real impact of public service legislation.
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CIVIL SERVICE AND ADMINISTRATIVE LEGAL FRAMEWORK

Sound administrative procedures are applied in most areas, offering legal certainty to citizens and businesses.	
1-2 Years	<ol style="list-style-type: none"> 1. MJPA to create the conditions required for the application of sound administrative procedures by adopting a new Law on General Administrative Procedure (LGAP), in accordance with EU principles and good practice; MJPA to ensure an adequate participation of the Ombudsman, public institutions, academia and civil society in the law drafting process; 2. MJPA to identify other laws to be amended and align them with the general principles established in the LGAP by reducing to a minimum the number of special administrative procedures; 3. MJPA to prepare targeted implementation action plans that will enable the smooth implementation of the LGAP in the administration and judiciary.
3-5 Years	<ol style="list-style-type: none"> 4. MJPA to implement the new LGAP by drafting pending secondary legislation and by developing action plans for its implementation. MJPA to establish a central guidance capacity to solve queries by public bodies, provide specific training for public servants, offer curricula to law faculties and include LGAP in recruitment examinations; 5. MJPA to revise the role of administrative inspection in this area, by assessing the value added in the implementation of the LGAP; 6. MJPA to align the judicial control of administrative acts with EU principles and practices, by amending the Law on Administrative Disputes; 7. MJPA to conduct an independent mid-term assessment to identify the real impact of the LGAP implementation.

CIVIL SERVICE AND ADMINISTRATIVE LEGAL FRAMEWORK

The organisational structure of the public sector is cohesive, rational and efficient, based on clear adequate criteria to choose the best organisational solution in each case.	
1-2 Years	<ol style="list-style-type: none"> 1. Assess the results of previous rationalisation measures, by conducting a mid-term assessment of the Law on Civil Servants (amended in 2009) and of the laws defining maximum of employees in central administration and in local governments (enacted in 2009).
3-5 Years	<ol style="list-style-type: none"> 2. MJPA to further develop its internal capacities for rationalisation, by training and benchmarking with other countries to improve HR information systems and HR planning, to draft methodologies to analyse the internal (micro) efficiency of public bodies' organisational structures, to conduct fair rightsizing processes and to manage internal and external mobility; 3. MJPA to create indicators and criteria to identify unnecessary public bodies and to draft a methodology for conducting adequate and fair processes of abolition or merging of public bodies; 4. MJPA to establish sound organisational criteria for the public sector, developing by law a typology of legal status and organisational forms of public bodies and criteria to apply it, using comparative data on public sector structures and criteria in selected EU Member States; 5. MJPA to establish detailed criteria and processes to analyse if a public service or activity should be directly produced and delivered from a public body or could be partially or completely contracted out to private providers (profit or non-profit); 6. MJPA to assess if there is need to amend the Law on Public Administration and the Law on Civil Service to be able to apply the criteria and methodologies newly developed; 7. MJPA to design a model for administrative deconcentration of central administration, by assessing the current situation in Serbia. And analysing models in selected EU countries.

PUBLIC FINANCE MANAGEMENT

STATE OF PLAY

The overall legislative basis for well-functioning public finance management is in place. The effectiveness of the legal basis is dependent on the timely update of rulebooks, in keeping with legislative amendments or changes in public administration structures, as well as on the extent to which the formal rules are effectively applied in daily practice.

Preparatory approval work in Parliament is carried out through the parliamentary Committee on Finance, State Budget and Control of Public Spending (Finance Committee). This committee does not have the technical staffing to carry out its own detailed fiscal analysis, and Parliament relies on the explanations of the executive as well as on advice from the Fiscal Council on overall fiscal issues. The Fiscal Council, an independent, advisory state body accountable to Parliament that was established in 2011, has started to have an impact on the Government's fiscal policy. The Government has taken steps to exert greater fiscal control, but budget beneficiaries attempt to circumvent these controls. There is little emphasis on developing a medium-term expenditure framework based on well founded assumptions and targets. Performance indicators are not widely used, and there is no demand from Parliament for the use of such indicators.

Strong management support and understanding of the need to apply existing rules for sound and practical financial management and of internal audit concepts are in the earliest stages. Current public internal financial control (PIFC) arrangements are considerably detached from budget management and other relevant rules in Serbia. The State Audit Institution (SAI) is on track with its institutional development.

The co-ordination of EU funds is entrusted to the Serbian European Integration Office (SEIO), and the Ministry of Finance and Economy (MoFE) has the responsibility for ensuring that decentralised management structures for EU funds work appropriately. To date, no decision has been made concerning the decentralisation of EU funds' management in Serbia.

Target 2020	<p>The requirements of the EU directive on the budgetary framework have been improved, as well as internationally agreed and EU-compliant principles, standards and methods for public internal financial control (PIFC), which apply to the internal control systems of the entire public sector, including control of the spending of EU funds.</p> <p>An operationally and financially independent supreme audit institution (SAI) is in place, with a relevant and effective reporting mechanism to Parliament.</p> <p>A better balanced budget and reduced debt level have been achieved through stronger financial management and control and audit processes.</p>
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PUBLIC FINANCE MANAGEMENT

Budget preparation and execution provide the foundation for a more soundly based medium-term budget planning system.	
3 -5 Years	<ol style="list-style-type: none"> 1. Parliament to more effectively monitor the budget process by using the improvements proposed by the Parliament and MoFE staff members; 2. Government to approve the allocation of additional staff to the MoFE so that it can more effectively analyse and monitor activities of BBs, including Indirect budget beneficiaries; 3. MoFE to introduce and implement secondary legislation that clearly establishes how direct budget users are to monitor and report to the MoFE on the operations of both indirect budget beneficiaries and public enterprises; 4. BBs to begin, in the area of programme budgeting, the process of examining the strategies used to deliver services under the programmes within each BB in order to identify the scope for efficiency gains.
5 + Years	<ol style="list-style-type: none"> 5. BBs to begin, as the system of managerial accountability grows, to review the strategies that are used to deliver services under each programme; 6. BBs to expand programmes into sub-programmes and sub-categories so as to provide more transparent performance information.

PUBLIC FINANCE MANAGEMENT

The appropriate conditions for stronger financial control have been created and high-level management support for PIFC has started, thereby improving the PIFC environment.	
1-2 Years	<ol style="list-style-type: none"> 1. MoFE, CHU to develop a PIFC Policy Paper for adoption by the Government, which includes, among other issues: <ul style="list-style-type: none"> • Identification of short and long-term objectives (including managerial accountability and a policy for anti-fraud and serious irregularities, ensuring that budget inspection is compatible with PIFC principles) that meet the PAR Strategy; • Identification of the necessary resources to meet these objectives and assessment of additional resources required; • An implementation schedule to implement the PIFC system throughout the public administration; • Central Harmonisation Unit (CHU) to undertake networking activities, regular meetings with individual managers to identify good practices, and continuation of methodological development and training; • A clear and effective reporting system for the CHU, which provides the Finance Minister and the Government with timely information on shortages and corrective measures needed to implement PIFC at a strategic level; 2. MoFE to strengthen the role of the CHU so that it can be a strategic driver for improving the development of PIFC; 3. CHU to agree a schedule of regular meetings with responsible officials for an exchange of information enabling: <ul style="list-style-type: none"> • A more rapid identification of good Serbian practices that are compliant with EU requirements and of possible factors hindering the further development of PIFC; • Managers to understand and become more involved in improving the efficiency and effectiveness of public expenditure management, while maintaining fiscal targets; 4. CHU to develop an annual plan for networking seminars for relevant officials (excluding vocational training events); 5. CHU to carry out a training needs analysis of responsible officials and identify an appropriate training provider; 6. CHU to enhance their co-operation with the SAI through the formal establishment of a joint working group focusing on areas of common interest and priorities, such as training needs or good practices to promote co-operation between internal and external audit; 7. MoFE to start the implementation of decentralised management of EU funds and consolidate the rules and procedures in regular practices, adjusting the management system as necessary.

PUBLIC FINANCE MANAGEMENT

3 -5 Years	<ol style="list-style-type: none"> 1. CHU to develop its own work plan based on the adopted PIFC Policy Paper; 2. CHU to assist in line ministries in determining their enhanced managerial responsibilities by: <ul style="list-style-type: none"> • Analysing existing practices in budget management, human resources management and other areas to determine how managerial responsibilities in the public sector; • Considering the launch of a pilot project to define exactly how financial management and control (FMC) should be implemented in an organisation and the impact that this implementation would have on managerial structures, budgets, information requirements and reporting arrangements; • Determining the provisions of PIFC legislation that need to be aligned with other national regulations for rolling out the implementation of managerial accountability; 3. MoFE to adjust the horizontal legal framework for FMC and the internal rules of budget organisations to ensure that sectoral managers take responsibility for planning, executing and financing public policies; 4. CHU to continue to meet regularly with top management of line ministries to: <ul style="list-style-type: none"> • explain the significance of PIFC building on existing good Serbian practice and its impact on the management of public expenditure; 5. CHU to implement the networking seminar plan and review the list of seminars for the coming year.
5 + Years	<ol style="list-style-type: none"> 6. CHU to monitor, evaluate and report on implementation of the PIFC Policy Paper and related Action Plan; 7. CHU to start drafting, by the end of the period, the new PIFC Policy Paper and related Action Plan.

PUBLIC FINANCE MANAGEMENT

Stronger checks and balances of budget execution are in place.	
1-2 Years	<ol style="list-style-type: none"> 1. Strengthen the SAI's formal and informal relationship with Parliament (Finance Committee in particular) through the development of a clear procedure for Parliament's handling of audit reports, with a view to strengthening Parliament's oversight function; 2. SAI to review its role with regard to misdemeanours and criminal offences, making sure that it can concentrate on its main audit function and will not be seen as a law enforcement institution; 3. SAI to continue institutional development based on its Strategic Development Plan and ensure the adoption of its audit manuals; 4. Enhance the SAI's co-operation with the CHU through the formal establishment of a joint working group.
3 -5 Years	<ol style="list-style-type: none"> 5. SAI to implement and adjust the implementation of the SAI's Strategic Development Plan and continue co-operation with the CHU, providing support to PIFC as required.
5 + Years	<ol style="list-style-type: none"> 6. SAI to draft a new Strategic Development Plan and action plan.

PUBLIC PROCUREMENT, INCLUDING PPS AND CONCESSIONS

STATE OF PLAY

The public procurement system is currently in a state of transition due to the passing of a new Public Procurement Law (PPL) at the end of 2012. Public procurement reform has achieved a significantly higher profile since the election of the new Government in July 2012. PPL 2012 is intended to address previous failings in the legal framework, preserve efficiencies and tackle corruption in public procurement. The challenge for 2013 and beyond is to ensure that the implementation of measures provided for in PPL 2012 continue to be supported, in terms of both political support and resources.

A number of ongoing key problems need to be tackled, with a long-term perspective in mind. These problems are:

- Lack of professional skills from the perspectives of both the contracting authority and the bidder, in particular with regard to the proposed introduction of new working methods, such as greater centralised procurement, framework agreements, dynamic purchasing systems and e-auctions;
- Lack of operational tools, including procurement models and standard documents;
- Heavy costs in terms of both finance and time in running the system, particularly in relation to the various planning and approval requirements, which risk stifling the system;
- Danger that weak implementation will mean that the reformed system neither reduces corruption nor improves value for money – two objectives that need to be carefully balanced;
- Corruption: ongoing support at the level of the Government, in both practical and financial terms, of the implementation of reform measures will be critical.

Target 2020	<p>The public procurement system, including public-private partnerships (PPPs)/concessions, is in place and is fully operational, in accordance with EU rules and good international practice.</p> <p>Public procurement operations provide value for money, are sustainable under budgetary limitations and projections, and stimulate economic growth.</p> <p>Contracting authorities, economic operators and civil society are confident in the fairness and integrity of the system. Fraud and corruption have been significantly reduced.</p>
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PUBLIC PROCUREMENT, INCLUDING PPS AND CONCESSIONS

1-2 Years	<ol style="list-style-type: none"> 1. Government to fully implement PPL 2012 by adopting all remaining pieces of secondary legislation, ensuring proper capacity building and resource allocation (including additional staff) for institutions that have been granted new or enhanced responsibilities, especially the Public Procurement Office (PPO) and the newly established central register of bidders; 2. Agency for Registers to establish a central register of bidders and connect its IT systems with other registers (tax, etc.); 3. PPO and MoFE to develop practical operational tools for preparing public contracts and concessions/PPPs, including standard tender documents for supplies, services and works; 4. PPO, Anti-Corruption Agency (ACA), and the Anti-Corruption Council to co-ordinate measures and activities aimed at increasing transparency and legal security and improving the fight against fraud and corruption. 5. PPO, SAI and MoFE to prepare implementing tools, practical guidelines and training curricula and manuals (for contracting authorities, auditors and economic operators) for awarding both public contracts and PPPs/concessions; 6. PPO to steer, monitor and control the quality of the training system, which could include delivery by private training organisations (and/or universities).
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PUBLIC PROCUREMENT, INCLUDING PPS AND CONCESSIONS

3 -5 Years	<ol style="list-style-type: none"> 7. PPO to implement the legal, technical and institutional infrastructures enabling the use of modern procurement tools and techniques, including electronic procurement, dynamic purchasing systems, framework agreements and centralised purchasing; 8. PPO and line ministries to develop and implement sector-specialised (e.g. IT services and supplies, health supplies, road construction or office supplies) operational tools, such as model tender documents, standard technical specifications, and methodologies for tender evaluation based on the most economically advantageous tender criteria; 9. PPO to maintain and update curricula, manuals and guidelines; continue to steer the system and to monitor quality control; 10. PPO to continue to monitor legislative changes of all legal acts affecting the public procurement system at the EU level to ensure appropriate harmonisation and subsequently efficient fulfilment of EU accession requirements.
5 + Years	<ol style="list-style-type: none"> 11. PPO and line ministries to improve instruments (guidelines, regulations) to promote sustainable procurement, achieve environmental and social objectives, and encourage innovation in procurement; 12. PPO and chambers of commerce to further promote SME access to the public procurement market as well as to research and development (R&D) opportunities by establishing help desks (in co-operation with chambers of commerce), issuing practical guidelines, and incorporating representatives of business into an advisory board of the PPO.