1. **Basic Information**

1.1. **CRIS Number:** 2003/004-379/01.02  
1.2. **Title:** Improvement of practises and control mechanisms related to the award of public contracts  
1.3. **Sector:** Internal Market  
1.4. **Location:** Poland

2. **Objectives**

2.1. **Wider Objectives**  
Improvement of practises and control mechanisms related to the award of public contracts under polish and European rules

2.2. **Immediate Objectives**  
? Unification and popularisation of practises and standard bidding documents in the award of public contracts, taking into account relevant European experiences  
? Unification of both ex-ante and ex-post internal and external control mechanisms of the award of public contracts  
? Support for the monitoring of the public procurement systems  
? Education in European and Polish practises of the application of public procurement law for experts in the field of public procurement, tenderers, procuring entities and entities dealing with the internal and external control of the procurement process.

2.3. **Accession Partnership and NPPM priorities**  
? With regard to public procurement NPPM states: Priority 1.17 (free movement of goods)  
? Harmonisation of Polish law with the EC legislation in the field of public procurement. The extent of legislation of the candidate country in the field of co-ordination of public procurement procedures harmonised with EC legislation is considered by the European Commission as one of the indicators of the degree of preparedness of the associated country to the integration with the EU internal market. The internal market legislation stresses the need of creating a uniform public procurement system. Full implementation of directives on public procurement shall abolish all barriers in participation of operators from the EU in public procurement procedures in all Member States  
? As regards public procurement Accession Partnership states: “free movements of goods: abolish by the end of 2002 the national preference clause for public procurement by introducing access to award procedures in Poland for all Community companies. Implement SIMAP (public market information system)”

2.4. **Contribution to the National Development Plan:** N/A 

2.5. **Cross Border Impact:** N/A

3. **Description**

3.1. **Background and justification**  
Public procurement has a major impact on economical and effective spending of public funds. Clarity and transparency of rules included in Polish and European regulations and well established practice play a significant role in the process of awarding public contracts. Recent changes in the Polish public procurement system covered not only the legal requirements but also too much extent requirements resulting from international experiences. Therefore, it is of vital importance to disseminate among beneficiaries of pre-accession projects (structural funds in the near future) necessary information about all changes in the public procurement system using various, competent information tools. 

The aim of the project is to unify and popularise practises and standard bidding documents, which should contribute to proper and effective spending of public funds, including funds provided by the Structural Funds. Activities supporting the monitoring of the public procurement system and addressed mainly to entities dealing with the internal and external control of the procurement process and experts providing consultation and training for tenderers are also envisaged within the project.
Activities to be carried out should optimise the knowledge and proper application of provisions taking into account the existing practices and standard proceedings. They will contribute at the same time to the elimination of undesirable practices (including corruption) and the strengthening of public confidence in the procurement system.

The main target group of the project will be experts providing consultation and training in public procurement, entities participating in public procurement procedures (both procuring entities and tenderers, including representatives of small and medium enterprises and representatives of organisations associating suppliers and contractors) and entities dealing with internal and external procurement control at the level central, regional and local administration.

3.2. Linked activities

3.2.1. SPP (Phare 98)
Special Preparatory Programme (SPP) for Structural Funds in Poland (Public Procurement System Conforming with EC Requirements):
- Provision of detailed analyses of and recommendations on the drafts and various proposals submitted by the Public Procurement Office and Parliament commissions in the field of public procurement law
- Improvement of the monitoring and information system of the PPO
- Purchase of hardware (servers and PCs) and standard software
- Training of PPO officials by the Lead Adviser on new legal developments in EU procurement law and by Polish experts on management skills
- Study visits to Sweden, Germany and UK which enabled the leading personnel of the PPO to get acquainted with the different national procurement systems and established good working on high-ranking level
- Elaboration and printing of four booklets concerning various aspects of public procurement in the EU (public sector directives, „utilities directives”, „remedies directives”, public procurement law in Germany) all published in circulation 1500-2000 copies.

3.2.2. Phare 2001 - System of public procurement
The project provides for elaboration of an IT programme (software) based on new legislation on public procurement (amended significantly in June and July 2001 and harmonised with EC requirements) supporting contracting authorities in conducting their public procurement proceedings. The new IT programme will be compatible with SIMAP (Système d’information pour les marchés publics) and will also contain some elements not covered by SIMAP. The following activities are to be covered by the project:
- Elaboration of IT programme supporting procuring entities in conducting public procurement procedures
- Purchase of necessary hardware
- Installing of IT at procuring entities covered by the programme
- Distribution of IT programme among other procurement entities
- Training on the new tools
- Elaboration of a special IT programme (coordinating) for the Public Procurement Office which as a central government agency responsible in matters of public procurement plays coordinating role for the whole system of public procurement; purchase of necessary equipment for PPO
- Training for PPO employees on the new tools and programme.
In February 2002 the Public Procurement Office has selected Italy as its partner for the implementation of the twinning part of the project. Currently the activities leading to the conclusion of the twinning covenant are taking place.

3.2.3. Phare 2002 - Strengthening the awareness of the public procurement rules
(to be conducted by the Public Procurement Office)
The immediate objective of this Phare 2002 project is to disseminate information on Polish and EU rules in the field of public procurement at the level of central, regional and local administration and improvement of the application of public procurement provisions. It will allow among other things increased practical knowledge of the public procurement system among the addressees of the project and better application of the public procurement provisions.
3.2.4. IDF Grant (World Bank) for elaboration of standard bidding documentation, comprising standard prequalification documents, standard bidding documents and standard contract forms to be used by procuring entities and tenderers in public procurement procedures

In the end of the year 2001 the Public Procurement Office applied to the World Bank for a grant from the Institutional Development Fund for elaboration of standard bidding documents.

The Activities of this project include (i) preparation of the Standard Pre-qualification, Standard Bidding Documents and Standard Contract Forms (Standard Documents), the guidelines for their use, and the procurement procedures to be followed - under the auspices of the Public Procurement Office (PPO); (ii) dissemination of the Standard Documents to procuring entities throughout the country, which would in turn disseminate them to the bidders participating in procurement proceedings; (iii) training in the use of the Standard Documents; and (iv) recommendations on amendments (if any) to the Act on Public Procurement that may be necessary for the use of the Standard Documents. The Standard Documents will be based on the provisions of the Polish Act on Public Procurement. The Standard Documents to be elaborated under the project will take into account the existing international procurement procedures (including among other the FIDIC bidding documents and procedures).

The World Bank decision approving the award of a grant of the amount of 150 000 USD was taken on February 28, 2002. The grant contract entered into force on 24 May 2002. Currently the activities leading to the selection of consultants (which will elaborate the standard bidding documents) are taking place.

3.3. Results
The execution of the project will first of all:
- unify practices and standard proceedings in the award of public contracts, taking into account European experiences
- support the monitoring of the public procurement system and unify control mechanisms of that system
- facilitate access to public procurement proceedings
- strengthen clarity and transparency of public procurement proceedings and prevent undesirable practices (including corruption)
- contribute to the optimisation of practical knowledge of both Polish and European public procurement rules among the addressees of the project.

3.4. Activities
The project will be implemented by means of two contracts.

The activities within this project will include organisation of various training forms adjusted to the needs and background of participants of these events.

The project will cover activities related to elaboration and dissemination of publications on standard documents resulting from practises concerning the award of public contracts (which will not be covered by the World Bank grant project – see 3.2 Linked Activities), taking into account specific types of public services, supplies and works. In addition to that publications concerning current court, arbitration and other rulings, as well as information materials taking into account changes in Polish and European provisions will be prepared within the project.

All activities related to this project will be addressed to experts in the field of public procurement procedures, tenderers (including representatives of small and medium enterprises, representatives of organisations associating suppliers and contractors), procuring entities and control entities (Regional Audit Chambers, branches of Supreme Chamber of Control, internal auditors).

In order to avoid any mistakes or misunderstandings the documents to be disseminated under the project will be subject to the contents control of the Public Procurement Office prior to their diffusion among the participants of the project.

The training events will take into account the results of the PHARE 2002 “Strengthening the awareness of the public procurement rules” project (see 3.2 Linked Activities), as well as the results of the World Bank grant project (see 3.2 Linked Activities).

Estimated number of training events: approximately 80 two-day training sessions.
Estimated number of participants: approximately 30 participants in each training event.

The above mentioned activities will be carried out under a technical assistance contract.

For the effective execution of activities related to the training events the purchase of necessary training equipment will be necessary (in addition to the equipment purchased within the PHARE 2002 project). The execution of the PHARE 2002 project has been envisaged until 2005, while the PHARE 2003 project is to be carried out in the years 2004-2006. This means that both projects will be conducted to much extent at the same time and therefore the equipment to be purchased for the needs of the PHARE
2002 project is likely to be used in the implementation of the later project only at a minor scale. Therefore it is justified to provide for the purchase of three additional training sets (multi-media presentation sets) for the training needs of this PHARE 2003 project under an investment contract.

### 3.5. Lessons learned
Up to the present, the former Phare projects with the participation of the Public Procurement Office have not been evaluated by the EMS.

### 4. Institutional Framework

The institution responsible for the implementation of the project will be the Public Procurement Office. The programme will be addressed to experts providing consultation and training public procurement, tenderers (organisations associating suppliers and contractors, representatives of small and medium enterprises), procuring entities and entities dealing with procurement control.

### 5. Detailed Budget

<table>
<thead>
<tr>
<th></th>
<th>Investment Support (IN) €</th>
<th>Institution Building (IB) €</th>
<th>Technical Assistance (TA) €</th>
<th>Total Phare (IN+IB+TA) €</th>
<th>National Co-financing €</th>
<th>International &amp; Financial Institutions €</th>
<th>TOTAL €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1</td>
<td></td>
<td></td>
<td></td>
<td>900 000</td>
<td>900 000</td>
<td>90 000</td>
<td>990 000</td>
</tr>
<tr>
<td>Contract 2</td>
<td>24 000</td>
<td></td>
<td></td>
<td>24 000</td>
<td>8 000</td>
<td></td>
<td>32 000</td>
</tr>
<tr>
<td>TOTAL PROJECT</td>
<td>24 000</td>
<td>900 000</td>
<td>924 000</td>
<td>98 000</td>
<td></td>
<td></td>
<td>1 022 000</td>
</tr>
</tbody>
</table>

The co-financing funds for the project implementation will be available.

### 6. Implementation Arrangements

#### 6.1. Implementing Agency
- PAO: Krystyna Gurbiel, Under-secretary of State at the Office of the Committee for European Integration, Aleje Ujazdowskie 9, 00-918 Warsaw; Tel +48 22 455 52 41
- CFCU: Foundation “Co-operation Fund”, Górnoslaska 4A, 00-444 Warsaw; Tel +48 22 622 84 64 - Fax +48 22 622 72 12
- The CFCU is responsible for handling tendering, contracting and payments of contracts on behalf of the Public Procurement Office

#### 6.2. Twinning: N/A

#### 6.3. Non standard aspects

DIS procedures will be followed

#### 6.4. Contracts

There will be two contracts concluded under the programme:
- TA contract for preparing and conducting conferences, of the value of 0, 99 M€ with joint co-financing,
- investment contract for the purchase of necessary training equipment for the of the value 0,032 M€ with joint co-financing.

### 7. Implementation Schedule

- Start of tendering/call for proposals: first quarter of 2004
- Start of project activities: second quarter of 2004
- Project Completion: third quarter of 2006
8. **EQUAL OPPORTUNITY**

Contractors will be required to guarantee equal access for women and men to all activities connected with the project.

9. **ENVIRONMENT** N/A

10. **RATE OF RETURN** N/A

11. **INVESTMENT CRITERIA** N/A

12. **CONDITIONALITY AND SEQUENCING**

   **Benchmarks:**
   - Financing Memorandum signed by the end of 2003
   - Technical assistance contract signed by the end of the second quarter of 2004
   - World Bank project completed (with reference to the standard documents) by the end of the second quarter of 2003
## ANNEX 1 - PROJECT LOGICAL FRAMEWORK MATRIX

### PROJECT TITLE: IMPROVEMENT OF PRACTISES AND CONTROL MECHANISMS RELATED TO THE AWARD OF PUBLIC CONTRACTS

**Programme number**

| Date of drafting: | 08.2002 |
| End contracting: | 30/6/2005 |
| End disbursement: | 30/6/2006 |
| Total budget: | 1 022 000 € |
| Phare budget: | 924 000 € |

#### Wider objective

| Improvement of practises and control mechanisms related to the award of public contracts under Polish and European rules |
| Unification of practises and standard proceedings in the award of public contracts |
| Reports and materials to be prepared by experts |
| Reports and materials to be prepared by PPO |

#### Immediate objectives

| - Unification and popularisation of practises and standard bidding documents in the award of public contracts, taking into account relevant European experiences |
| - Unification of both ex-ante and ex-post internal and external control mechanisms of the award of public contracts |
| - Support for the monitoring of the public procurement systems |
| - Education in European and Polish practises of the application of public procurement law for experts in the field of public procurement, tenderers, procuring entities and entities dealing with the internal and external control of the procurement process |
| - Proper application of Polish and European rules in the field of public procurement |
| - Less procurement proceedings to be annulled or misconduct |
| Reports and materials to be prepared by experts |
| Reports and materials to be prepared by PPO |

#### Results/Outputs

| The execution of the project will: |
| - Unify practises and standard proceedings in the award of public contracts, taking into account European experiences; |
| - Support the monitoring of the public procurement system and unify control mechanisms of that system; |
| - Facilitate access to public procurement proceedings; |
| - Strengthen clarity and transparency of |
| Materials prepared by the PPO, elaborated and disseminated training materials, informative materials, organised training events |
| Reports and materials to be prepared by experts |
| Reports and materials to be prepared by PPO |

### Assumptions and Risks

- The standard bidding documents will be elaborated under the World Bank project before the start of the implementation of this project.
- The PHARE 2002 project concerning public procurement will enter into the implementation phase.

The risk is seen as not high.

- Reaching appropriate individual and institutional experts.
- Interest on the part of the addressees of the programme.

The risk is seen as low.
- contribute to the optimisation of practical knowledge of both Polish and European public procurement rules among the addressees of the project

### Inputs
- work of public procurement experts,
- participation of employees of entities involved in the project,
- work, advice and supervision of the PPO employees
- training in public procurement rules and training materials for these events,
- publications concerning court, arbitration and other rulings in the field of public procurement
- publications on the updated national and EU procurement legislation

### Indicators of achievement
- training materials elaborated,
- 80 training events in public procurement provided,
- 2400 participants in training events trained,
- publications concerning court, arbitration and other rulings in the field of public procurement elaborated
- publications on the updated Polish and EU legislation elaborated.

### Sources of information
- reports and materials to be prepared by experts,
- reports and materials to be prepared by PPO
- materials to be prepared for the purpose of training events
- prepared publications

### Assumptions and Risks
- Reaching appropriate individual and institutional experts to guarantee the execution of the project at the organisational and professional level
- Interest on the part of the addressees of the programme
The risk is seen as not high.

### Annexes 2-3-4: Detailed Implementation Chart, Contracting and Disbursement Schedule of the Project

**PROJECT TITLE:** IMPROVEMENT AND DEVELOPMENT OF THE AWARENESS OF THE NATIONAL AND EUROPEAN PUBLIC PROCUREMENT RULES AMONG ENTITIES INVOLVED IN PROCUREMENT PROCEEDINGS

<table>
<thead>
<tr>
<th>Date of Drafting</th>
<th>28.08.2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning period</td>
<td>I 2004 - III 2006</td>
</tr>
</tbody>
</table>

#### PLANNED IMPLEMENTATION SCHEDULE PER QUARTERS

<table>
<thead>
<tr>
<th>Implementation</th>
<th>Contracting</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.924</td>
<td>0.18</td>
</tr>
<tr>
<td></td>
<td>0.924</td>
<td>0.28</td>
</tr>
<tr>
<td></td>
<td>0.924</td>
<td>0.38</td>
</tr>
<tr>
<td></td>
<td>0.924</td>
<td>0.48</td>
</tr>
<tr>
<td></td>
<td>0.924</td>
<td>0.58</td>
</tr>
<tr>
<td></td>
<td>0.924</td>
<td>0.68</td>
</tr>
<tr>
<td></td>
<td>0.924</td>
<td>0.78</td>
</tr>
<tr>
<td></td>
<td>0.924</td>
<td>0.88</td>
</tr>
<tr>
<td></td>
<td>0.924</td>
<td>0.90</td>
</tr>
<tr>
<td></td>
<td>0.924</td>
<td>0.924</td>
</tr>
</tbody>
</table>

Legend:  
D = design of sub-projects;  
C = tendering and contracting;  
I = contract implementation and payment.

<table>
<thead>
<tr>
<th>Budget allocation</th>
<th>Cost estimate MC</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0.924</td>
</tr>
</tbody>
</table>

---