

MEMORANDUM OF UNDERSTANDING

CO-OPERATION INITIATIVE

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF SERBIA

AND

THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

TO PROMOTE THE DEVELOPMENT

OF THE PUBLIC PROCUREMENT SECTOR

IN THE REPUBLIC OF SERBIA

Objective

1. The purpose of this Memorandum of Understanding is to outline co-operation between the Government of Serbia (the GoS) and the European Bank for Reconstruction and Development (the EBRD) concerning opportunities for improvement of public procurement in the Republic of Serbia.

Background

2. The National Bank of Serbia, Public Procurement Office Ministry of Finance, and representatives of other entities, such as the Chamber of Commerce of Serbia, all members of the “New Procurement Law Working Group” (the “Working Group”) have been tasked by the Parliament of Serbia and Government of Serbia, to draft and propose a new Procurement Law for the consideration and approval of the Parliament of Serbia. The Working Group, being responsible to cover all aspects of sound procurement practice, including the legislation, the control over the public procurement in the Republic of Serbia, is committed to analyse and propose the best international public procurement practices. The EBRD is committed to sound public procurement practices in discharge of its mandate under the Agreement Establishing the European Bank for Reconstruction and Development and as a regional investor, the EBRD seeks to promote such processes, specifically encouraging a good balance between competition and transparency safeguards, as well as, efficiency and economy aspects in the development of public procurement regulations.
3. Development of the public procurement sector, including natural monopolies and utilities, will depend on improving national practice and public procurement operational aspects. International standards on public procurement have been developed to promote transparency in government procurement and enhance competition. Taking into account the evolution of the public procurement system in Serbia and recent developments and revisions of the international public procurement legal instruments, the development of a stable and accountable public procurement legal framework that enables both efficiency and integrity of public spending has been determined a suitable objective for this Cooperation Initiative.

The Importance of Regulatory Reform

4. Major infrastructure projects are commissioned as public procurement contracts or public-private partnership (PPP) arrangements and for this reason good public procurement regulations are crucial. The effectiveness of public procurement is strictly related to the legislation in force and efficiency of the public procurement regulatory bodies.
5. In order to benefit from increased efficiency and transparency of the public spending, the national public procurement framework should be developed further to enable improved competition, economy and transparency.

Understandings

6. In view of the consistency of their strategies for the reform in the public procurement sector, the GoS and the EBRD subscribe to the principles of promoting the establishment of a stable and competitive public procurement regulatory framework.

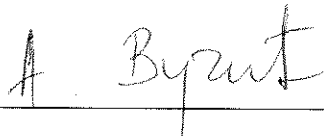
This means in particular that the EBRD and the GoS, will:

- i. develop and strengthen further cooperation in the sphere of public procurement policy, regulation of utilities and natural monopolies and monitoring of public procurement, as well as, PPP procurement framework;
 - ii. exchange information on a regular basis as appropriate, concerning technical assistance and public investment projects;
 - iii. render consultations with regard to the matters of mutual interest, wherever deemed necessary and upon initiative of either party;
 - iv. adopt forms of interaction in the field of public procurement policy and regulation, including (a) rendering methodological assistance, exchange of expert surveys and consultants' reports, (b) exchange of experience in the field of conducting reviews, concerning the infringement of competition legislation, and (c) providing mutual and joint training, including training of trainers for the public procurement specialists with the purpose to exchange experience from the Republic of Serbia and the EBRD;
 - v. seek to find ways to develop and provide structured and comprehensive Capacity Building in Procurement Programmes for public entities and EBRD Clients in Serbia.
7. Where any of the regulatory requirements remain to be achieved, the GoS and the EBRD will make their best efforts to identify support and technical assistance to the GoS where it is both feasible and appropriate, provided such support and assistance do not conflict with the Serbian legislation.
 8. Wherever it is feasible and justified, the GoS and the EBRD agree that to make reference to conformity with international public procurement standards and the best procurement practices is a desirable objective when implementing projects in the public sector.

Additional provisions

9. The Memorandum does not constitute an international agreement and will not impose upon the GoS or the EBRD any rights or obligations, regulated by the international law.
10. The Memorandum comes into force on the day of its signing and will remain in full force up to the expiration of six months from the day of a written cessation notice served by the GoS or the EBRD.
11. It is understood and agreed that nothing in this Memorandum will constitute, or be construed as, an offer, promise or undertaking by EBRD to finance all or part of any activity or project identified in, or pursuant to, this Memorandum.
12. The Memorandum is signed on 14 December 2012 in Belgrade in two originals, both in Serbian and English, and shall be construed and interpreted in accordance with both languages.

Signed by for and on behalf of the Government of the Republic of Serbia



Mr. Aleksandar Vucic
First Vice-President of Government of the Republic of Serbia

Signed by for and on behalf of the European Bank for Reconstruction and Development



Mr. Hans Peter Lankes
Vice President of the European Bank for Reconstruction and Development