



MAPS

Methodology for Assessing
Procurement Systems

E-PROCUREMENT ASSESSMENT OF MONTENEGRO'S PUBLIC PROCUREMENT SYSTEM

2024

*Testing the MAPS Module on
e-Procurement (E-PROC)*





MAPS

Methodology for Assessing
Procurement Systems

Montenegro

Assessment of the Electronic Public Procurement System (EPPS)

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Telephone: 202-473-1000 Internet: www.worldbank.org

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This MAPS e-Procurement Supplementary Assessment is led by Dr. Rajesh Kumar Shakya, Senior Procurement Specialist (e-GP and Sustainable Public Procurement), and assisted by Tanvir Hossain and Orjana Ibrahim, Senior Procurement Specialists, and a team established by the Bank, including Carmen Calin, Procurement Specialist, Zuhra Osmanovic-Pasic, Senior Governance Specialist, Serena Cocciolo, Governance Specialist, and Tamara Travar, Procurement Specialist. The team received valuable support from Ana Đurđević, Consultant, and Huseyn Ibrahimli, Consultant. Yolanda Tayler, International Development Consultant provided substantial input. The assessment was conducted under the oversight of Chenjerani Simon B. Chirwa, Practice Manager. We would also like to thank Milan Lakicevic, Country Economist in Montenegro, Dragana Varezic, Senior Program Assistant, and Sara Tadic, Team Assistant.

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Abbreviations and Acronyms

APP	Annual Procurement Plan
EC	Evaluation committee
BO	Beneficial ownership
BoQ	Bill of quantity
CHD	Central Harmonization Directorate
CPV	Common procurement vocabulary
CRPS	Central Registry of Companies
CSO	Civil society organization
DPPP	Directorate of Public Procurement Policy
DRS	Disaster recovery site
DSC	Digital signature certificate
e-GP	



EPPS	Electronic Public Procurement System of Montenegro
FAQ	Frequently asked questions IFB
GoM	The Government of Montenegro
IFB	Invitation for bids
IFMIS	Integrated Financial Management Information System
INTOSAI	International Organization of Supreme Audit Institutions
IPA	Instrument for Pre-Accession Assistance
IPS	Intrusion prevention system
OCDS	Open Contracting Data Standards
MAPS	Methodology for Assessing Procurement Systems
MOF	Ministry of Finance
PAR	Public administration reform
PEFA	Public expenditure and financial accountability
PFM	Public finance management
PIFC	Public internal financial control
PPL	Public Procurement Law
PPP	Public-private partnership
QoS	Quality of service
SAI	State Audit Institution
SIGMA	Support for Improvement in Governance and Management initiative
SOE	State-owned enterprises
SME	Small and medium enterprises
SPD	Standard Procurement Documents
SPP	Sustainable public procurement
TAIEX	Technical Assistance and Information Exchange instrument of the European Commission
TI	Transparency International
UNSPSC	United Nations Standard Products and Services Code
WB	The World Bank

Executive summary

Background

Montenegro, a small upper-middle-income country in the Balkan peninsula, aspires to attain the living standards of the European Union (EU), yet faces economic challenges with a GDP per capita only one-fourth of the EU average. The National Strategy for Public Administration Reform 2021-2030 and the Reform Agenda 2022-2024 underscore the significance of enhancing public sector capacity and improving procurement processes for better value for money. While Montenegro has made progress in reforming its public administration, particularly in public procurement, the European Union Annual Implementation Report for Montenegro 2022 emphasizes the need for continued efforts in transparency, competition, and efficiency within procurement processes. A Public Expenditure and Financial Accountability (PEFA)



assessment in 2019 identified deficiencies in the public procurement system and a lack of capacity in the public sector.

In line with its EU accession goals, Montenegro recognizes the importance of aligning its e-procurement system (www.cejn.gov.me) with EU directives and best practices. The Directorate for Public Procurement Policy, under the Ministry of Finance, has sought the World Bank's assistance in conducting a comprehensive assessment of the public procurement system using MAPS 2018 and assessment of the e-Procurement System using MAPS Supplementary e-Procurement Module (pilot June 2022). This assessment aims to provide a holistic view of the system, evaluate reform efforts, gaps and recommendations for Electronic Public Procurement System (EPPS) of Montenegro, and address remaining challenges. The development objective is to support the Montenegrin government in devising a strategic plan for systematic enhancement of the public procurement system. The assessment team, led by the World Bank in collaboration with EBRD and EIB, analyzed strengths, weaknesses, and gaps in the system, benchmark it against international practices, and focus on the electronic procurement system to ensure self-sustainability. This initiative reflects Montenegro's commitment to establishing a robust and transparent e-Procurement system that adheres to EU standards, fostering a more efficient and competitive procurement environment for economic development.

Montenegro's e-Procurement system, managed by the Public Procurement Directorate (DPPP), demonstrates several strengths, including well established legal framework, alignment with EU standards, mandatory use by public entities, training to almost all stakeholders, and accessibility to foreign bidders. The system's technical features, secure hosting, encryption protocols, and interface with the Ministry of Justice system enhance its effectiveness and security. However, challenges exist, such as the lack of IT experts within the understaffed DPPP, as well as the absence of data capturing measures for climate change, social inclusion, and job creation. While the system supports various procurement procedures, it lacks essential functionalities like e-catalogs and electronic invoicing modules. Challenges for foreign bidders, limited language support, lack of dedicated platform for lodging complaints/appeals, accessibility of data and documents from all key stages of the procurement cycle in open data format, and the absence of a formal mechanism for citizen feedback are areas that require attention. Addressing these challenges, incorporating missing functionalities, and adopting the Open Contracting Data Standard (OCDS) could further improve the efficiency, effectiveness, and transparency of Montenegro's e-Procurement system.

To address these issues, the EPPS requires enhanced and additional functionalities and efficient process design, a robust business continuity technical team, an e-procurement strategy and roadmap, OCDS as a transparency tool, a comprehensive data analytics module with ex-ante risk assessment algorithms and ex-post collaborative integrated information system, enhanced user-friendliness of the system, enhanced user capacity, and improved integration with the relevant e-services, such as Banks, financial management system, business registrar, tax administration, etc. The EPPS requires continuous nurturing to deliver further benefits.

The assessment using MAPS Supplementary Module on e-procurement included a field mission in Montenegro during Nov-Dec 2022 and a Validation Workshop held on November 30, 2023. Various stakeholders comprising government departments, public bodies, state owned enterprises, statutory bodies, private sector entities, and development partners participated in the workshop both physically and virtually. The purpose of the Validation Workshop was to present to the stakeholders, the status of the e-procurement system of Montenegro, findings of the strengths and gaps identified and share the initial recommendations to address the gaps. The workshop also provided a forum for comments and feedback from stakeholders.



Priority areas for improvement are listed below with reference to the four pillars of the MAPS Supplementary Module on e-Procurement. These recommendations help align the EPPS ecosystem with the reform initiatives of the Government of Montenegro (GoM) and leverage the potential of e-Procurement for achieving the development goals of the country.

Priority Areas for Improvement

Develop e-Procurement Strategy

Montenegro does not have an e-Procurement Strategy and an outlined policy for its implementation and roadmap. The e-Procurement Strategy should include an action plan for establishing robust and sustainable governance structure, e-Procurement system rollout and adaptation, private and public sector engagement, sustainability and business continuity, capacity building and communication plan, and business and operational model for day to day operation, maintenance, support, and enhancement and incorporating missing and incomplete functions and processes embracing all stakeholders in the end-to-end EPPS.

Business Continuity

It is highly recommended to form a business continuity technical team under the DPPP with all technical and administrative and supporting expertise for the smooth operation of the e-Procurement System to avoid vendor-lock situations. Knowledge should be seamlessly transferred to the DPPP business continuity team and the control of the system should be in the hands of the DPPP. The Business Continuity team may consist of experts with skills in software architecture, business analysis, database administration, web programming and designing, quality assurance, change management and capacity building, training, communication skills, and other supporting skills. The DPPP should explore the options for other business modalities as well for the implementation and operation of the e-procurement System. The Business continuity technical team could be in-house or outsourced (state-owned enterprise, public-private partnership (PPP), or another sustainable arrangement). Besides the above, the government should ensure the robust IT Infrastructure, disaster Recovery Plan, redundancy of critical systems and components to ensure service continuity in case of failure, security measures, regular maintenance, training and support, monitoring and evaluation, align with legal and regulatory compliance, vendor management, change management, and dedicated helpdesk.

Interoperability, infrastructure and debarment

To improve the efficiency and reliability of the e-procurement system, it is recommended to enhance interoperability with key government services, including the central register of companies, tax authorities, and banks. This should be complemented by the integration of business intelligence tools for data analytics, enabling the identification of strengths, gaps, and malpractices while ensuring alignment with EU monitoring and reporting requirements. Furthermore, establishing a disaster recovery center and ensuring adequate redundancy in hardware and network equipment will bolster infrastructure reliability. Lastly, a publicly accessible debarment list should be created and linked to the supplier database, allowing the Evaluation Committee to make informed decisions on procurement proceedings.



Establishment of Government-Public-Private Forum and enhance Accountability, Integrity, and Transparency

These recommendations aim to enhance civil society engagement, improve risk management and control, and facilitate the review of complaints and appeals within the e-procurement ecosystem.

To enhance the e-Procurement ecosystem, it is recommended to establish a Government-Public-Private Forum that includes civil society and private sector representatives to facilitate regular dialogue and feedback. Additionally, the e-Procurement Platform System (EPPS) should integrate ex-ante red flags and adhere to the machine-readable open data disclosure, like Open Contracting Data Standard (OCDS). to improve compliance and accountability. Implementing regular ex-post investigations and risk analyses will allow for better identification of issues post-procurement. Finally, a dedicated section for complaints and appeals should be created within the EPPS, enabling bidders to easily lodge complaints and track the status of their appeals, thereby promoting transparency and responsiveness in the procurement process.

Overview of compliance

The following table provides an overview of the findings of the assessment on the level of sub-indicators. Each sub-indicator is identified depending on the findings (full compliance / gaps identified / substantive gaps identified). Table 1 also shows the red flags identified.

Table 1. Overview of the Assessment Findings

PILLAR I Legal, Regulatory, and Policy Framework		Full compliance	Gaps identified	Substantial gaps identified	Red flags
1. The legal and regulatory framework enables e-Procurement.	1(a) Regulation of the use of e-Procurement		X		
	1(b) Elements necessary for e-Procurement			X	
2. E-Procurement follows a strategy that is aligned with broader government policies	2(a) e-procurement strategy			X	
	2(b) e-procurement support to government policies			X	

PILLAR II Institutional Framework and Management Capacity		Full compliance	Gaps identified	Substantial gaps identified	Red flags
3. The e-Procurement ecosystem	3(a) Status and legal and regulatory basis of the institution responsible for the e-procurement ecosystem	X			



has a well-established and operational governance and management structure	3(b) Coordination between the institution responsible for the e-procurement ecosystem and other relevant government entities		X		
	3(c) Capacity of the institution responsible for the e-procurement ecosystem			X	^v 3(c)(a) 3(c)(b)
4. The e-Procurement ecosystem relies on an adequate business model	4(a) Operating business model and implementation type of the e-procurement platform			X	
	4(b) Funding for the e-procurement ecosystem			X	^v 4(b)(a)
5. The e-Procurement ecosystem has a strong capacity to develop and improve	5(a) Capacity development for e-procurement	X			
	5(b) Advice and assistance			X	
	5(c) Performance monitoring			X	

PILLAR III Procurement Operations and Market Practices		Full compliance	Gaps identified	Substantial gaps identified	Red flags
6. The e-Procurement ecosystem enables the achievement of the country's procurement objectives.	6(a) Planning in the e-procurement ecosystem			X	
	6(b) Selection and contracting in the e-procurement ecosystem			X	
	6(c) Contract management in the e-procurement ecosystem			X	
7. The e-Procurement ecosystem's technical characteristics render it effective and secure	7(a) Architecture of the e-procurement ecosystem			X	
	7(b) Infrastructure of the e-procurement ecosystem			X	^v 7(b)(a)
	7(c) User interaction			X	
	7(d) Integrity of the information			X	^v 7(d)(e)
	7(e) Confidentiality of the information			X	
8. The e-Procurement ecosystem takes advantage of	8(a) Procurement methods			X	
	8(b) Functionalities			X	



additional technical and functional features available for a variety of procurement methods					
9. Data from the e-Procurement ecosystem facilitates decision-making	9(a) Open data			X	
	9(b) Data access and presentation			X	
10. The private sector is fully engaged with the e-Procurement ecosystem	10(a) Dialogue between the public and private sectors	X			
	10(b) Private sector's use of the e-Procurement ecosystem			X)
	10(c) Use of e-procurement for specific sectors	X			

PILLAR IV Accountability, Integrity and Transparency of the Public Procurement System		Full compliance	Gaps identified	Substantial gaps identified	Red flags
11. The e-Procurement ecosystem ensures civil society engagement	11(a) – Dialogue between government and civil society		X		
	11(b) Direct engagement from civil society			X	
12. The e-Procurement ecosystem enables effective treatment of risks, control and audit	12(a) - Internal and external control	X			
	12(b) - Identification and treatment of risks			X	
13. The e-Procurement ecosystem facilitates the review of complaints and appeals	13(a) E-complaints			X	

Source: Original elaboration of the assessment team.



1. Introduction

1.1. Context

Montenegro, a small upper-middle-income country in the Balkan peninsula, aspires to attain the living standards of the European Union (EU), yet faces economic challenges with a GDP per capita only one-fourth of the EU average. The National Strategy for Public Administration Reform 2021-2030 and the Reform Agenda 2022-2024 underscore the significance of enhancing public sector capacity and improving procurement processes for better value for money. While Montenegro has made progress in reforming its public administration, particularly in public procurement, the European Union Annual Implementation Report for Montenegro 2022 emphasizes the need for continued efforts in transparency, competition, and efficiency within procurement processes. A Public Expenditure and Financial Accountability (PEFA) assessment in 2019 identified deficiencies in the public procurement system and a lack of capacity in the public sector.

Montenegro's population of about 622,000 is aging and shrinking. Nearly 25 percent of the population live in the capital, Podgorica, and 40 percent live in rural areas. In 2019, Montenegro's gross domestic product (GDP) per capita was US\$8,909, one-fourth of the average for EU member states. Its purchasing power parity GDP per capita stood at US\$24,036, half of the EU average.

The National Strategy for Public Administration Reform 2021-2030 mentions the need to strengthen the e-Procurement system, enhance transparency, and promote competition in public procurement.¹ The Reform Agenda 2022-2024 outlines the government's commitment to improving efficiency and effectiveness across all sectors, including public procurement. It specifically mentions the need to further digitalize procurement processes, strengthen oversight mechanisms, and enhance transparency.

¹ The National Strategy for Public Administration Reform 2021-2030 (<https://www.gov.me/en/article/public-administration-reform>).



The European Union Annual Implementation Report for Montenegro 2022² acknowledges the progress made by Montenegro in reforming its public administration, including in the area of public procurement. However, it also highlights the need for further efforts to improve transparency, competition, and efficiency in procurement processes. Statements by government officials consistently emphasize the importance of public sector capacity building and improving efficiency in procurement processes.

The Public Expenditure and Financial Accountability (PEFA) assessment of Montenegro in 2019 identified a need for improvements in the public procurement system. It also found that there was a lack of capacity in the public sector to manage procurement processes effectively.

As Montenegro progresses towards EU accession, aligning its e-procurement system (www.cejn.gov.me) with EU directives and best practices is crucial for ensuring transparency, efficiency, and fair competition in public procurement. This requires full electronic processing of procurement procedures, transparent access to procurement information, electronic communication and submissions, non-discrimination and equal treatment of bidders, robust oversight and audit mechanisms, capacity building and training for public procurement officials, and continuous improvement and modernization of the system. Meeting these requirements will establish a robust and transparent e-procurement system that aligns with EU standards and contributes to a more efficient and competitive procurement environment, enhancing the quality of public procurement, strengthening investor confidence, and contributing to Montenegro's overall economic development.

The Directorate for Public Procurement Policy (DPPP), under the Ministry of Finance, has requested the World Bank's technical assistance in carrying out a holistic assessment of the public procurement system using MAPS 2018. DPPP has also proposed to give particular attention, as part of the core MAPS assessment, to the electronic procurement supplementary module, as the national e-procurement system was launched on January 1, 2021, and needs an in-depth assessment for the purpose of further strengthening the system's capacity and operability. The assessment was carried out with a broad view of the public procurement system, reflecting on the procurement reform efforts made so far and the remaining challenges, and its conclusions will be based on both qualitative findings and quantitative analysis to support evidence-based recommendations and follow-up actions for the government's consideration in devising a strategic plan for systematic enhancement of the system.

The development objective of the assessment is to support the Government of Montenegro to develop a reform plan for its public procurement system. The analytical work assesses strengths, weaknesses and gaps in the system and benchmarks it with international practices using the second version of the MAPS tool.

Specifically the assessment will: (1) develop a shared understanding of the current state of Montenegro's public procurement system amongst all stakeholders to strategize future reform efforts to achieve a modern and harmonized procurement system; (2) identify the strengths and weaknesses of the public procurement system and suggest appropriate mitigation measures; and (3) assess Montenegro's electronic procurement system using MAPS electronic procurement supplementary module to identify key issues and its further development ensuring self-sustainability.

² The European Union Annual Implementation Report for Montenegro 2022 (<https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-10/Montenegro%20Report%202022.pdf>).



This assessment has been conducted by a MAPS assessment team led by the World Bank in close coordination with EBRD, and EIB. Another assessment of the e-procurement system of Montenegro using the MAPS e-Procurement Supplementary Module (pilot) was also carried out in parallel in response to the need to deepen the assessment of the e-procurement system formulated by the Government of Montenegro.

1.2. Objectives

The Government of Montenegro (GoM) represented by the Directorate of Public Procurement Policy (DPPP) under the aegis of the Ministry of Finance has conducted the assessment of the e-Procurement system of Montenegro using the June 2022 version of the MAPS Supplementary e-Procurement Module, being one of the first countries to pilot it.

The specific objective of the assessment was to identify specific weaknesses and gaps of the Electronic Public Procurement System (EPPS). The assessment results may be used in enhancing the public procurement policies and strategies for the better use, leverage and enhancing the EPPS.

1.3. Scope

The assessment was conducted on all the four pillars of MAPS e-procurement Supplementary Module:

- I. Legal, Regulatory and Policy Framework
- II. Institutional Framework and Management Capacity
- III. Procurement Operations and Market Practices
- IV. Accountability, Integrity, and Transparency of the Public Procurement System.

The assessment focused on the strengths, weaknesses, and gaps of the EPPS in Montenegro and provides the recommendations for improvements.

1.4. Methodology

The methodology included a desk review, a field mission for the consultation with the stakeholders of the EPPS and its ecosystem, a validation workshop with the stakeholder, qualitative and quantitative survey and dataset analysis to support the assessment, preparation of the draft report, review of the draft report by the stakeholders, incorporation of the comments and feedback, and the finalization of the report.

The field mission for the assessment of the EPPS was conducted in-person and as an e-mission in Montenegro during the period from January 28 to February 4, 2023. The assessor had meetings with the DPPP, EPPS developer and service provider, and other stakeholders. An in-depth review of the EPPS ecosystem was conducted for identifying the strengths, gaps, and weaknesses of the ecosystem. (See table 2 for assessment timeline.)

The methodology includes the following phases of the assignment.

1. Desk review



- a. Review of procurement legislation and prevalent EPPS arrangements
 - b. International practices
 - c. Identification of key stakeholders
2. Review and preliminary analysis of the EPPS ecosystem
 - a. Face to face consultation with the key stakeholders
 - b. Review of the EPPS ecosystem including the EPPS, infrastructure, technical capacity, operational arrangements, interoperability issues, etc.
3. Field and desk review work on the identification of challenges, gaps by using MAPS e-Procurement Supplementary Module tool on a pilot basis.
 - a. Collection of data and system facts from different resources, EPPS, consultation with stakeholders, documents, etc.
 - b. Preparation of draft report on gaps, challenges, and recommendations
 - c. Feedback from the DPPP and stakeholders
4. Incorporation of the comments and feedback and finalization of the report.

Source: Assessment team.

1.5. Assessment Team

The assessment of the Electronic Procurement System of Montenegro using MAPS Supplementary Module on e-Procurement, pilot version dated June 2022, was initiated at the request of the Government of Montenegro (GoM), Directorate for Public Procurement Policy, under the aegis of Ministry of Finance.

The assessment was carried out by Dr. Rajesh Kumar Shakya, the Lead Assessor (International e-Procurement Specialist).

1.6. Consultations with the Key Stakeholders

The meetings and consultations undertaken during the mission were essential to ensure data collection and organization as well as to ensure that the assessment of the e-procurement system of Montenegro is based on the MAPS e-Procurement Supplementary Module and is in accordance with international standards and guidelines as specified by the MAPS Secretariat.

The assessment team held detailed discussions with the DPPP, EPPS system developer and service provider, and other stakeholders.

1.7. Validation Workshop

A validation workshop was organized in Podgorica, Montenegro, on November 30, 2023. Stakeholders comprising government departments, public bodies, state-owned enterprises, statutory bodies, private sector entities and development partners participated in the workshop both physically and virtually. The purpose of the validation workshop was to present to the stakeholders the status of the e-procurement system of Montenegro, the strengths and gaps identified by the assessment applying the MAPS e-procurement module and initial recommendations to address the gaps. The workshop also provided a



forum for comments and feedback from stakeholders. The validation workshop broadly validated the assessment findings.

Before the stakeholder validation workshop, several consultations were held with the DPPP.

1.8. Limitations

There were no substantial limitations in the assessment.



2. Analysis of the Country Context

2.1. Political, Economic and Geostrategic Situation

Nestled along the Adriatic coast in Southeastern Europe, Montenegro boasts a rich history and a future brimming with potential. This nation of over 626,000 people (as of November 18, 2023) possesses a young and educated workforce, a valuable asset for its developing economy.

Politically, Montenegro has undergone a remarkable transformation, transitioning from a one-party state to a multi-party democracy with a parliamentary system. This shift reflects a strong commitment to human rights and democratic values, fostering a society that embraces its multi-ethnic and multi-confessional character.

The Montenegrin economy has shown impressive progress in recent years, with a Gross National Income per capita reaching \$10,400 in 2022. Tourism, financial services, and information technology have become key drivers of growth, demonstrating a strategic focus on economic diversification.

Geopolitically, Montenegro's membership in NATO strengthens its regional standing, and its aspirations to join the European Union further solidified its position. The nation actively participates in regional initiatives and fosters cooperation with its neighbors, promoting peace and stability in the Balkans.

The commitment of the country to reform and transparency extends to the introduction of e-procurement. This initiative signifies a focus on enhanced efficiency, promoted transparency, and fostered, and fair competition creating a level playing field for businesses, encouraging wider participation.

Montenegro positions itself for further economic development and strengthens its reputation as a nation on the rise. This reform aligns perfectly with the country's existing focus on good governance, transparency, and fostering a dynamic business environment.

Political, Economic and Geostrategic Situations are discussed in greater extent in the main report of the MAPS Assessment.

2.1.1. Political Context

Montenegro's path to democracy since gaining independence in 2006 has been one of progress, but also of persistent challenges. The country has made commendable efforts to uphold the rule of law and safeguard press freedom. However, corruption, political instability, and ethnic divisions continue to be significant hurdles.

The political landscape is intricate and constantly evolving, with numerous parties vying for influence. The Democratic Party of Socialists (DPS) and the Democratic Front (DF) have been the major players, but frequent changes in government highlight a period of political instability.

These factors have a direct impact on the implementation of e-procurement. A transparent and efficient e-GP system can be a powerful tool for establishing integrity in the public sector. By reducing



opportunities for manipulation and favoritism in public procurement processes, e-procurement can promote fair competition and responsible use of public funds.

Frequent changes in government can disrupt the long-term planning and implementation of e-procurement initiatives. Ensuring political buy-in and commitment across party lines is crucial for the system's success.

Building trust and ensuring fair access for all businesses in the e-procurement system is vital. This requires addressing any potential biases or inequalities that might exist.

Despite these challenges, Montenegro's dedication to democracy and its aspirations for EU membership create a strong incentive for tackling these issues. A well-designed and implemented e-procurement system can be a catalyst for positive change. By promoting transparency, accountability, and fostering a more stable and prosperous future for Montenegro, e-procurement can be a key driver of progress.

2.1.2. Economic Overview

Montenegro's recent economic history offers both promising opportunities and significant challenges for implementing an e-procurement system.

On the positive side, the country experienced a period of strong economic growth between 2015 and 2019. This growth, driven by investments in infrastructure, tourism, and energy, could translate to increased government spending on projects that would benefit from e-GP's efficient and transparent procurement processes. Additionally, the focus on infrastructure projects like the Bar-Boljare highway highlights the potential for e-procurement to improve the management of public funds in this crucial sector.

However, the economic downturn caused by the COVID-19 pandemic presents a major challenge. Montenegro's limited resources for implementing and maintaining e-procurement infrastructure might be further strained. Furthermore, the high public debt necessitates careful spending. In this context, e-procurement can actually be a valuable tool. By optimizing procurement costs, e-procurement can contribute to fiscal responsibility, a crucial factor in Montenegro's current economic situation.

While Montenegro faces economic headwinds, e-procurement has the potential to be a key driver of a more dynamic business environment. However, successful implementation requires careful consideration of the current economic limitations.

2.1.3. Social Context

Montenegro has made significant strides in social development, boasting a rising life expectancy and high adult literacy rates. However, pockets of poverty and inequality persist, fueled by income disparities arising from rapid economic growth. The government has implemented social protection programs to support vulnerable communities and combat poverty. The unemployment rate remains a concern. While it initially declined, the COVID-19 pandemic caused a sharp rise, disproportionately impacting women. They face higher unemployment and lower participation in the workforce. Despite these challenges, Montenegro's commitment to social well-being and poverty reduction remains strong. Here's where e-procurement can play a crucial role by:



- **Promoting Inclusive Growth:** A transparent e-procurement system fosters fair competition among businesses, potentially creating opportunities for smaller, local companies. This can stimulate local economies and create jobs, particularly in areas with higher poverty rates.
- **Empowering Women:** By ensuring open access to public procurement opportunities through e-procurement, women-owned businesses can have a fairer chance to compete. This can contribute to greater gender equality in the workforce.
- **Efficient Social Spending:** e-procurement can streamline the procurement process for social programs, potentially reducing administrative costs and ensuring resources reach those who need them most.

The e-procurement can be a valuable tool for strengthening Montenegro's social fabric and achieving a more equitable future for all its citizens.

2.1.4. Development Challenges

Despite transitioning to a high-income country status in 2020, Montenegro faces several challenges in the post-COVID-19 era. Its economic pillars, including transport, housing, and tourism, may experience a slowdown. The financial services sector could be impacted by new EU anti-money laundering regulations. Identifying new growth sources is crucial. Skills shortages and connectivity gaps pose further challenges.

2.2. The Public Procurement System and Its Links with the Public Finance Management and Public Governance Systems

Montenegro's public procurement market corresponded to 8.74 percent of GDP in 2022, and the value of all public procurement procedures amounted to some EUR 507 million. This was much below the values achieved in 2020 and caused by the very late adoption of the 2021 state budget, major organizational changes in the public administration, and the COVID-19 crisis.

In the reporting year 2022, the Inspectorate for Public Procurement carried out a total of 333 inspections, revealing 234 irregularities. Inspection supervision was carried out at 302 entities engaged in the procurement of goods, works and services, namely: state authorities (35), local self-government units (16), public services or companies (239), public contracting authorities in the field of electricity, gas and heat, water management, transport, airports and seaports, postal services, oil exploration and production, coal and other solid fuels (12).

A regulatory and institutional framework is in place on integrity and conflict of interest in public procurement.

The capacity to manage public procurement processes continued to improve, to a large degree thanks to the introduction of e-procurement. Nonetheless, the high number of contracting authorities remains a challenge to the overall efficiency of the procurement system. The capacity of smaller municipalities to conduct larger and more complex public procurement procedures, including under EU-financed projects, remains very limited. The Directorate for Public Procurement Policy (DPPP) in the Ministry of Finance (MoF) systematically organises trainings on the legal framework in public procurement and examinations



for candidates for procurement officer positions. It also prepares and publishes technical instructions and expert guidance on the procurement rules.

2.2.1. Public Procurement Framework in Montenegro

Montenegro has made significant strides in reforming its public procurement system, with a strong focus on transparency and efficiency. A few highlights are the introduction a new Procurement Law, aligned with EU standards, was adopted in 2019 and came into effect in 2020. This law prioritizes transparency, competition, fairness, and efficient use of public funds; launching of the e-procurement system (EPPS) in January 2021 with EU funding, the EPPS covers the entire procurement process, from planning to awarding contracts. As of early 2023, over 4,000 bidders and 675 contracting authorities are registered; and the government has a plan aiming for full functionality in the EPPS by 2023 and promoting its use by businesses. This includes increasing the number of registered companies and encouraging participation from small and medium enterprises (SMEs) and women-owned businesses.

Despite progress, the system still shows signs of limited competition. In 2022, 40% of contracts awarded through the EPPS had only one bidder. This could indicate insufficient competition or non-transparent practices. While some negotiated contracts may be justified, using them without publishing a call for tenders restricts competition and raises concerns about transparency. In 2022, such contracts accounted for 11% of the total procurement value. Moreover, a large portion (50%) of published contracts in 2022 were "simple procurements" for low-value goods and services. While these may be efficient for small purchases, focusing solely on these can bypass opportunities for broader competition, especially for larger projects.

2.2.2. Public Financial Management as an Integral Part of the government's Development Agenda

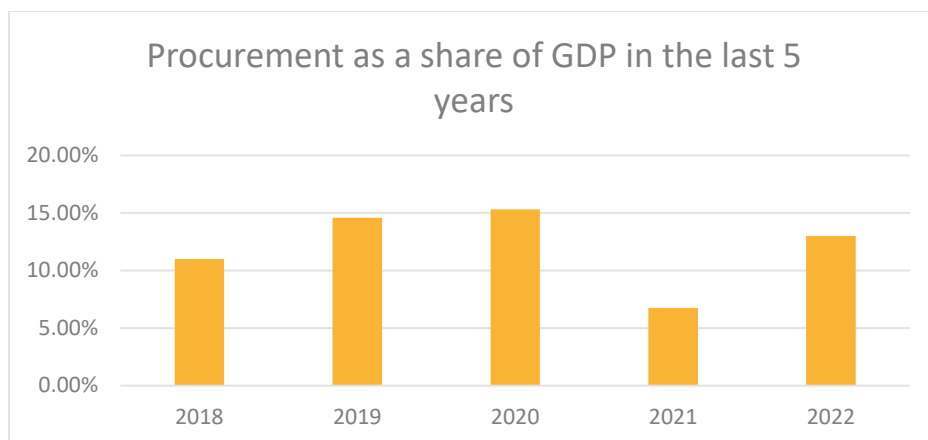
Montenegro is making strides towards improving the integrity of its public finances. Transparency and governance indicators like the Global Competitiveness Report and Freedom House show improvement in Montenegro's ranking. The State Audit Institution (SAI) has a strong legal framework and improved capacity for conducting audits. Their reports are publicly available, and they cooperate with media and NGOs.

A legal framework for internal audit is also in place, covering all levels of government and state-owned enterprises. Most institutions have established internal audit units. The introduction of the e-Procurement System (EPPS) in 2021 promotes transparency and efficiency in public procurement, a significant portion of government spending (around 13% of GDP in 2022).

Please refer to the MAPS Main Report for the detailed analysis and context on the Public Financial Management system of Montenegro.

Figure 1. Procurement as a Share of GDP, 2018-2022





Source: Data from DPPP Annual Report ,2022.

2.2.3. Key Institutions

While EU membership remains the top priority and has been driving the reform process, governance and institutional weaknesses more broadly continue to hinder the necessary reform policies to reduce Montenegro's vulnerabilities. And even though Montenegro has been working to align its legislation and institutional setup with EU standards, translating the new framework laws into effective implementation is lagging. There is a need to strengthen transparency, stakeholders' participation, and the government's capacity to implement reforms. Slow institutional progress results in partial policy implementation, policy reversals, public sector inefficiencies, and concentrated ownership of business activity.

Institutional responsibilities for public procurement have traditionally been centralized but procuring roles have also been undertaken by municipalities and other local procuring entities. DPPP in the Ministry of Finance is the central unit responsible for overseeing public procurement in Montenegro at present. DPPP was established in 2018 and since its inception, it has led procurement, overseeing nationwide public procurement projects in all key sectors of the economy.

In 2006, the first Public Procurement Directorate was established with the jurisdiction to implement the Public Procurement Law. By the 2008 Decree on State Administration Organization and Operations, the Directorate received a status of an independent administrative authority called Public Procurement Administration.

Between 2006 and 2018, the Ministry of Finance prepared a Draft Public Procurement Law and the Draft Law on the Budget and gave consent to the Public Procurement Plans prepared by competent institutions. The MoF along with the Public Procurement Administration were responsible for the preparation of bylaws in the area of public procurement. The Ministry also coordinated the process of negotiations with the European Union within Chapter 5, which refers to public procurement. The competences and staff of the Public Procurement Agency (PPA) were transferred to the DPPP within the MoF on 31 December 2018, the policy-making body for both public procurement and PPPs/concessions as well as the body responsible for drafting legislation and monitoring the public procurement system. DPPP jurisdiction is regulated by the Public Procurement Law (PPL) (article 44).



2.3. National Policy Objectives and Sustainable Development Goals

Montenegro has made some progress on reforms in the areas of public service and human resource management (HRM) and service delivery, while in other areas reforms have stalled. Compared to its neighbours in the Western Balkans, Montenegro is exceeding the regional average around accountability. However, in other reform areas Montenegro is at or below the regional average. The implementation of reforms foreseen in the previous PAR Strategy and in the Public Finance Management Reform Programme remains limited, as fewer than half of the objectives were achieved by their target date in 2020.³

The new Public Procurement Law, updated in late 2022, was originally adopted in 2019, along with a strategy for the period from 2021 to 2025 for improving public procurement and public-private partnership policies, and an action plan for 2022. The new e-procurement system has been in operation since January 2021 and encompasses the publication of procurement plans, tender documents, the public opening of tenders and tender submissions to the e-complaint system. Nevertheless, systematic changes in the public procurement system have not been followed by an adequate capacity-building strategy for the employees of contracting authorities. All contracting authorities must obtain prior approval for their procurement plans from the Ministry of Finance, which causes unnecessary delays in the process. The Montenegrin system is largely prone to corruption and misconduct, especially in cases involving large-scale projects and contracts. The system is still highly politicized with ties between political parties and companies.⁴

2.4. Public Procurement Reform

Montenegro is undergoing a significant transformation in its public procurement system, driven by a desire to meet European Union (EU) standards and enhance efficiency, transparency, and accountability. A key driver of this change is the introduction of the e-Procurement System (EPPS) in 2021.

The legal framework has been strengthened to align with EU directives. Amendments to the Public Procurement Law were published in 2019 and again in 2023 to ensure this alignment. Launched in 2021, the e-Procurement System streamlines procedures, enhances transparency, and fosters competition in public procurement. By June 2022, over 660 contracting authorities and 3,600 businesses were registered on the system. The e-Procurement System has also been connected to government databases, improving the process of checking the eligibility of businesses participating in public procurement procedures and further increasing transparency. Additionally, the system has improved reporting mechanisms, allowing for the collection of accurate and timely data on all aspects of public procurement procedures.

Efforts are also underway to build capacity and strengthen integrity within the system. The Ministry of Finance provides training and guidance to procurement officials. A regulatory framework for integrity and conflict of interest is in place, and a commission handles appeals related to public procurement procedures. The number of complaints received by the commission even decreased by 33% in 2022.

³ The Principles of Public Administration – Montenegro – November 2021, SIGMA – OECD.

⁴ UNCAC Civil Society Coalition: New Civil Society Report on Montenegro: Comprehensive Legislation Not Matched with Practical Enforcement Of Anti-Corruption Measures - 22 August 2023.



However, challenges remain. The large number of small municipalities in Montenegro creates limitations in their ability to manage complex procurement procedures, especially for projects funded by the EU. Public participation and oversight by parliament and the auditing institution also remain weak. Despite a robust framework for state contracting, concerns persist about the independence of procurement committees and the effectiveness of oversight, particularly for large-scale projects.

Looking ahead, Montenegro should focus on further improving the functionality and interoperability of the e-Procurement System within government systems. As a country aspiring to join the European Union, full compliance with EU procurement rules is essential. Overall, Montenegro has made significant progress in public procurement reform. The e-Procurement System offers a powerful tool for transparency and efficiency. However, addressing capacity limitations, strengthening oversight, and tackling corruption concerns are crucial for long-term success. Full adherence to EU standards will be essential for Montenegro's EU membership aspirations.



3. Assessment

3.1. Pillar I - Legal, Regulatory and Policy Framework

Pillar I assesses the existing legal, regulatory and policy framework for public procurement. It identifies the formal rules and procedures governing public procurement and evaluates how they compare to international standards. The practical implementation and operation of this framework is the subject of Pillars II and III. The indicators within Pillar I embrace recent developments and innovations that have been increasingly employed to make public procurement more efficient. Pillar I also considers international obligations and national policy objectives to ensure that public procurement lives up to its important strategic role and contributes to sustainability.

E-Proc-Indicator 1. The legal and regulatory framework enables e-procurement.

This indicator assesses the extent to which the national legal and regulatory framework enables and/or mandates the use of e-procurement, building on the information collected in sub-indicator 1(j) of the core methodology. This includes primary and secondary legislation directly related to public procurement, as well as rules governing elements required for e-procurement, such as electronic means of authentication, archiving, electronic communications, e-commerce, among others, which may be established in laws and regulations not necessarily directly related to procurement.

- **Synthesis of the Indicator**

The Directorate for Public Procurement Policy (DPPP) is responsible for developing public procurement policy. With EU support, the e-procurement system started operating from January 1, 2021. It covers all stages of the public procurement process, and all current procurement plans have been republished using the system. Centralized procurement has become more widely used for certain standard procurements and framework agreements are used by the centralized procurement bodies (Cadaster and State Property Administration). The Electronic Public Procurement System (EPPS) allows contracting authorities to publish tender notices, receive bids, and award contracts electronically.⁵ It is mandatory for all public entities in Montenegro to use EPPS, apart from certain procurements that are of a very low value, for security-sensitive goods or services, or that are subject to international agreements.

EPPS is aligned with the EU *acquis* and is designed to improve transparency and efficiency in public procurement. The law governing e-Procurement mandates the disclosure of comprehensive procurement information, which can be used by third parties to analyze the performance and outcomes of public procurement procedures.

Enrolment/registration in EPPS is free and open to all interested parties, including foreign bidders. The law governing e-procurement also establishes the scope and permitted use of personal data.

- **Findings**

⁵ Public Finance Management Reform Program 2022-2026 (<https://wapi.gov.me/download/914fac4b-814f-48b9-a58c-2453548c6ce9?version=1.0>).



Regarding electronic procurement, the current Montenegrin Public Procurement Law (PPL) provides an adequate legal framework for introducing e-procurement in practice. Section II article 31 and 32 provide provisions on the communication between the contracting authority and economic operators through electronic means of communications. Articles 34 and 35 also clearly indicate the requirement of alternative options of access in case the electronic means is not possible. The law also excludes few services from electronic procurement, i.e., postal services, procurements on public communication, procurement regulated by international agreements, etc.

The implementation of e-procurement in Montenegro is in line with the EU *acquis* and led to various improvements.

Art. 45 of the PPL mandate the use of an EPPS to enable:

- 1) drawing up and publishing of tender documentation and other acts related to public procurement
- 2) dispatching public procurement notices
- 3) free access, search, review and download of the published tender documentation and other acts related to conducting of public procurement procedures
- 4) drawing up, submission, receipt, assessment and evaluation of qualification applications, bids, plans, projects and solutions, free of charge
- 5) registration and keeping records on economic operators
- 6) access of the competent state authorities to the database of the EPPS.

The information published on the ESSP is easily accessible at the webpage <https://cejn.gov.me/>.

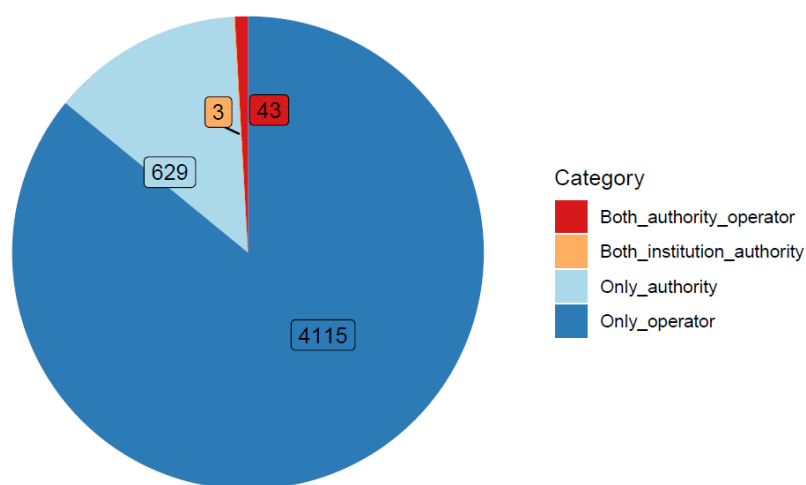


Figure 5. registered users in EPPS in Montenegro

Source: EPPS Database.

The legal and regulatory framework mandates all contracting authorities (Cas) to use e-procurement. There are altogether 675 contracting authorities and all of them are in the system (figure 5). Of the 675 CCAs, 43 are classified as both CA and economic operator (probably SOEs), and 3 are classified as both CA and “supervisory institution.”



The PPL specifies that the electronic means to be used for public procurement procedures shall be the EPPS, which is a web-based platform that allows contracting authorities to publish tender notices, receive bids, and award contracts electronically.

The use of e-procurement is mandatory for all public entities in Montenegro, regardless of their size or budget. The law provides for a number of exceptions to the mandatory use of e-procurement, such as for procurements that are:

- Of a very low value (below 8,000 Euro)
- For security-sensitive goods or services
- For procurements that are subject to international agreements

The law also provides for a number of sanctions for CAs that fail to use e-procurement in accordance with the law. These sanctions can include fines, suspension of the right to participate in public procurement procedures, and even criminal prosecution.

The legal and regulatory framework mandates the disclosure of comprehensive procurement information from the e-procurement ecosystem in a way that is accessible through commonly used browsers. Disclosure of comprehensive procurement information refers to tender announcement, tender documentation, report on selection of most advantageous bid, contract, and contract implementation report, but not, for example, the bids, bidders' supporting documents such as bank guarantee, tax statements, etc., as well as reports and statistics, which are only being produced for the purpose of DPPP annual reporting.

All model procurement documents for goods, works and services are aligned with the workflows and features of e-procurement.

Electronic document and electronic means of authentication – article 45 of the public procurement law states, "Processing, exchange and publication of data in electronic form within the EPPS shall be conducted in accordance with the laws governing electronic government, electronic identification and electronic signature, electronic document, electronic trade and information security."

Enrolment/registration to use the EPPS is free and authentication on the digital platforms is open and accessible to all interested parties, including foreign bidders. However, not all bidders use digital certificate. Those who do not have digital certificates need to be physically present for the registration. For the works contracts, foreign companies need registration with the Montenegro Tax Administration (MTA) if they win the contract.

Article 46 of the procurement law establishes the scope and permitted use of personal data, whether automatically acquired or not. "The state administration bodies and other bodies and organization in charge of keeping public records or electronic registry shall enable access by electronic means of communication to relevant data in the records or registry for the purposes of EPPS, in accordance with the law governing e-government."

- **Gaps**



Substantive Gaps:

1(b)(a) No unitary authentication system: The EPPS does not use a unitary authentication system. The system uses username and password to authenticate users and also uses digital certificates to identify and authenticate them.

Minor Gaps:

1(a)(a) Automation of entire procurement cycle:

Direct procurement below 5.000 euro (increased to 8.000 euro since January 2023) are not being conducted through e-procurement system; CAs have an obligation to insert data on these procurements in e-procurement system for the sake of annual reporting, but not to conduct procurement through the system.

1(a)(c) Disclosure of Procurement Information:

Evaluation Reports and contract implementation details are not published

- **Recommendations**

To address substantive gaps:

1(b)(a) No unitary authentication system: The system should use a unitary system of authentication for all the users to maintain system security, integrity, and enhance efficiency.

To address minor gaps:

1(a)(a) Automation of entire procurement cycle: The government should automate the entire public procurement cycle for all procurement methods, including inserting data on direct procurements for annual reports as prescribed in the public procurement law to enhance consistency, accuracy, and integrity of the data and transactions.

1(a)(c) Disclosure of Procurement Information: The EPPS should publish the evaluation reports and contract implementation details to enhance the transparency.

Table 4.

Summary of Substantive Gaps and Recommendations on Indicator 1

Substantive gap	Risk classification and red flags	Recommendations
Sub-indicator 1(b)(a)	Medium risk	The system should use a unitary system of authentication for all the users to maintain system security, integrity, and enhance efficiency.
No unitary authentication system	No red flags	

Source: Assessment team.



E-Proc-Indicator 2. e-Procurement follows a strategy that is aligned with broader government policies.

The purpose of this indicator is to assess whether there is strategic focus on continuous improvement of the e-procurement ecosystem, as well as whether e-procurement is part of a wider digitization strategy and supports key cross-cutting government objectives, including sustainability and innovation.

- **Synthesis of the Indicator**

Montenegro does not have a specific e-procurement strategy, but the Public Procurement and Public-Private Partnership Strategy 2021-2025 includes some issues in this regard. The government has initiated the implementation of an e-procurement system in line with EU guidelines, which shows its commitment to e-procurement.

However, the e-procurement system does not have any measures to capture and report data related to climate change mitigation and adaptation, environmental protection, and social inclusion. Additionally, the system does not include the "Partnership for Innovation" procurement procedure, and there are no special provisions or data capturing tools in terms of job creation in the procurement contracts.

- **Findings**

There is no specific e-procurement strategy, but some issues in this regard are defined by the Public procurement and Public-Private Partnership Strategy 2021-2025. The Strategy recognizes the importance of e-procurement in improving the efficiency and effectiveness of public procurement. The Strategy sets a number of goals for e-procurement, including:

- To increase the use of the e-procurement system by all public contracting authorities
- To improve the integration of the e-procurement system with other government systems
- To make the e-procurement system more user-friendly and accessible to businesses.

e-Procurement is one of the requirements to comply with the EU accession for Montenegro, so the government had initiated the implementation of the e-procurement system in-line with the EU guidelines. It shows the government policy commitment towards e-procurement.

Article 11 of the Public Procurement Law provisions for the contracting authorities to take necessary measures for environmental protection, observing social and labor laws and ensuring energy efficiency. However, the e-procurement system does not have any measures to capture and report data related to the climate change mitigation and adaptation and environmental protection.

Article 15 of Public Procurement Law provides for a procurement procedure named "Partnership for Innovation," however, the e-procurement system does not include a corresponding procurement procedure.

Public Procurement Law also does not mention requirements for job creation. There is no special provisions and data capturing tools on job creation in the procurement contracts.



Article 11 of the Public Procurement Law stipulates the principle of environmental protection, social and labor law observance and ensuring energy efficiency. However, the EPPS does not have any functions and features explicitly to capture the provisions of social inclusion.

- **Gaps**

Despite the references to e-procurement in these strategies and policies, the absence of a national e-procurement strategy and roadmap is a significant gap. A well-designed strategy and roadmap could help to ensure that the Montenegrin government achieves its goals for e-procurement and that the e-procurement system is used effectively and efficiently by the public and private sectors.

The e-procurement ecosystem can be a valuable tool for promoting social inclusion in Montenegro by promoting diversity and inclusion in procurement, supporting worker protection, encouraging sustainability and environmental protection, ensuring accessibility, and supporting ethical and responsible procurement practices.

Substantive Gaps

2(a)(a) e-Procurement Strategy: Montenegro does not have an e-Procurement Strategy and clearly outlined policy for its implementation and roadmap.

2(b)(a) Sustainable Public Procurement (SPP): SPP is critical to the sustainable development of a country and public procurement might play a significant role to address the issues related to the environment. The e-procurement system does not provide any functionalities and tools to capture the SPP related data and has not issued any policies and strategies besides the mention of the provision of environmental protection in Article 11 of the PPL.

2(b)(b) Fostering Innovation: The e-procurement system does not include the “Partnership for Innovation,” procurement procedure.

2(b)(c) Job creation: There are no special provisions and data-capturing tools in terms of job creation in the procurement contracts.

2(b)(d) Social Inclusion: The e-Procurement system does not have any functions and features explicitly to capture the provisions of social inclusion.

- **Recommendations**

To address substantive gaps:

2(a)(a) e-Procurement Strategy: To address this gap, the government should prepare a comprehensive e-procurement strategy for the implementation of the e-procurement with executable action plans. The strategy should include, at a minimum, policies on e-procurement system adaptation in public entities and private businesses, e-procurement implementation policy, sustainability and governance policy, and communication and capacity building policy.



2(b)(a) Sustainable Public Procurement (SPP): The system should capture the climate change-related data at different stages of the procurement processes, so that it can provide reports on such data, for example, it can capture in the Annual Procurement Plan (APP), whether a procurement package contains any sustainable procurement-related criteria or not.

2(b)(b) Fostering Innovation: Procurement methods with provisions of innovations should be incorporated in the e-procurement.

2(b)(c) Job Creation: The bid forms and also in the contract, the job creation by the contracts should be possible to capture.

2(b)(d) Social inclusion: The e-procurement system should have functions and features to capture the provisions of social inclusion at different stages of the procurement process. The system should capture data on SMEs, gender, and minority participation in public procurement to better support the economy encouraging participation of all social groups.

Table 5. Summary of Substantive Gaps and Recommendations on Indicator 2

Substantive gap	Risk classification and red flags	Recommendations
Sub-Indicator 2(a)(a): e-Procurement Strategy	Medium risk No red flag	e-Procurement Strategy: To address this gap, the government should prepare a comprehensive e-procurement strategy for the implementation of the e-procurement with executable action plans. The strategy should include, at a minimum, policies on e-procurement system adaptation in public entities and private businesses, e-procurement implementation policy, sustainability and governance policy, and communication and capacity building policy.
Sub-Indicator 2(b)(a): Climate Change data and reporting	Low risk No red flag	To address this gap, the government should prepare a comprehensive e-procurement strategy for the implementation of the e-procurement with executable action plans. The strategy should include, at a minimum, policies on e-



		procurement system adaptation in public entities and private businesses, e-procurement implementation policy, sustainability and governance policy, and communication and capacity building policy.
Sub-Indicator 2(b)(b): Fostering Innovation	Low risk No red flag	To address this gap, the government should prepare a comprehensive e-procurement strategy for the implementation of the e-procurement with executable action plans. The strategy should include, at a minimum, policies on e-procurement system adaptation in public entities and private businesses, e-procurement implementation policy, sustainability and governance policy, and communication and capacity building policy.
Sub-Indicator 2(b)(c): Job Creation	Low risk No red flag	The bid forms and also in the contract, the job creation by the contracts should be possible to capture.
Sub-Indicator 2(b)(d): Social Inclusion	Low risk No red flag	The e-procurement system should have functions and features to capture the provisions of social inclusion at different stages of the procurement process. The system should capture data on SMEs, gender, and minority participation in public procurement to better support the economy encouraging participation of all social groups.

Source: Assessment team.



3.2. Pillar II - Institutional Framework and Management Capacity

Pillar II of the MAPS core methodology assesses how the procurement system, as defined by the legal and regulatory framework in a country, is operating in practice through the institutions and management systems that are part of the overall public sector governance.

For the e-procurement module, Pillar II assesses the governance and management structures that govern the e-procurement ecosystem as well as the institutions that are responsible for its operation and policies, and whether these have the capacity required for the system to operate well. With procurement being a cross-cutting government function, this pillar also analyses how coordination regarding e-procurement works among government entities.

E-Proc-Indicator 3. The e-procurement ecosystem has a well-established and operational governance and management structure.

This indicator refers to the governance structure of the e-Procurement ecosystem, the institutions responsible for its management and policies, as well as the coordination schemes among them.

- **Synthesis of the Indicator**

The institutional framework for public procurement in Montenegro is relatively well-established. The Directorate for Public Procurement Policy (DPPP) is responsible for regulating and setting the standards for the operation, implementation, and continuous improvement of the e-procurement ecosystem. The DPPP is overseen by the Ministry of Finance (MoF), which has the central competence for public procurement. Public procurement is also overseen by the State Commission for Control of Public Procurement Procedures and the State Audit Institution.

There is need of a good level of coordination among the different institutions involved in public procurement to facilitate the enhancement and use of the EPPS. The DPPP is understaffed and does not have any IT experts on staff. This means that the DPPP is fully reliant on an outsourced company for IT support. Additionally, there is no dedicated helpdesk for the e-procurement system, and administrative officers are currently handling the support and handholding of the e-procurement users.

There is also no defined policy for requiring public procurement officials to undergo regular training to update their knowledge and skills. While the Law on Civil Servants requires all state employees to professionalize, this is not being systemically implemented in the public procurement sector.

Overall, the institutional framework and management capacity for public procurement in Montenegro is relatively good. However, there are some areas where improvement is needed, such as staffing levels, IT expertise, and training for public procurement officials.

- **Findings**



Article 2 of the PPL indicates that the administrative authority responsible for public procurement is the Ministry of Finance, which is mandated as the regulatory institution in the domain of public procurement. The functions and responsibilities of ministry listed in Article 44 of the PPL are executed through the DPPP established within the MoF as a general directorate. The DPPP is headed by a high-level civil servant at the level of General Director that is appointed by the Minister of Finance. The Director reports only to the Minister of Finance and not directly to the Government. Montenegro has a legal and regulatory framework for e-procurement, with the DPPP responsible for regulating and setting standards. Other institutions involved in overseeing and managing e-procurement include the State Commission for Control of Public Procurement Procedures, the State Audit Institution, and anti-corruption authorities. There is coordination between these institutions, but the MoF's DPPP has the final decision-making authority. Procuring entities are obliged to follow the public procurement law and regulations, as well as the provisions of the e-procurement system. The regulatory and normative institutions are as follows:

- **The Directorate for Public Procurement Policy (DPPP)** began operations in 2007. Its overall objective is to improve the public procurement system in Montenegro. It will specifically focus on developing a modern e-procurement system. The DPPP is responsible for reviewing whether the procurement is done in conformity with the law. The Public Procurement Commission (within the DPPP) is in charge of bidder protection.
- **The Ministry of Finance (MoF)** conducts public procurement related interventions jointly with the DPPP and the State Commission for Control of Public Procurement Procedures. The MoF has the central competence for public procurement in Montenegro.
- **The State Commission for Protection of Rights in Public Procurement Procedures** (was established in 2011. The commission decides on appeals filed against contracting authority decisions on the award of a contract and, among other things, on tender documentation, decision to cancel procedure, decision on excluding the bidder from further participating in the procedure, etc. The commission takes decisions in the form of written orders and conclusions made at its meetings. Article 185 of the PPL provides that the procedure for the protection of a right is initiated by an appeal which is filed with the commission for Protection of Rights, through the contracting authority. Upon receipt of an appeal, CAs publish appeals at EPPS and suspend the procurement procedure. CAs notify the commission of all appeals received, including those adopted in entirety, along with evidence of publishing their decisions. Appeals not adopted in whole by CAs are automatically passed to the Commission through EPPS. However, this requires an action by a CA in the system.

Organization and status of the commission is defined in the PPL articles 198-208. Specifically, Article 198 provides that the commission shall be an authority responsible for the protection of rights in public procurement procedures and the procedures for awarding contracts on public-private partnership. The commission shall be autonomous and independent in performing its functions. Administrative Court oversees cases involving public procurement procedures.

- **The Supreme Audit Institution (SAI)** is an independent organization that verifies the government's financial statements. The SAI verifies the financial statements of the entire government, including state-owned enterprises. The SAI also performs financial audits of local self-government units and compliance audits. The SAI's audits are publicly available on its website.

The Law on Auditing No. 001 of 2017 requires all mandatory audits to be conducted in accordance with International Standards on Audits. The Ministry of Finance or the Institute of Certified Accountants of Montenegro are responsible for adopting and publishing these audits.



- **Anti-corruption authorities.** The Montenegro Anti-Corruption Agency is responsible for implementing measures to prevent conflicts of interest between the public and private sectors. The agency also collects and checks reports on the assets and income of public officials, and protects whistleblowers.
- **NGOs monitoring public procurement.** There are a few active NGOs monitoring public procurement in the country as watchdogs.

The MoF is responsible for managing public finances, the budget, and public debt in Montenegro. The Parliament of Montenegro adopts the budget and the final budget statement. Responsibility of required funding for the operation and maintenance of the e-procurement system remains with the MoF, and international development partners, i.e., the EU and the World Bank, are also supporting the government in this area. DPPP should work on a long-term sustainable funding framework to run its operations as well as the operation of the EPPS.

The Government of Montenegro has prioritized digitalization and is committed to providing better digital services, cross-border cooperation, and data exchange. Montenegro's ICT-related legislation is aligned with EU legislation. Montenegro's Public Administration Reform Strategy 2021-2025 is expected to include guidelines for major improvements in digital transformation. The Law on Electronic Government was adopted in January 2020 to improve the environment for public administration to provide services to citizens and businesses. Montenegro's ICT-related legislation is aligned with EU legislation. However, Montenegro was found to have a “basic” level of digital maturity.

The DPPP is understaffed and does not have any IT experts and fully relies on outsourcing IT tasks. There is no clear business continuity plan to avoid vendor lock as well as operational independence of the EPPS. However, there exists a service-level agreement and a lumpsum contract between the DPPP and a vendor for fixing bugs, maintaining the system on an everyday basis and enhancing the system.

There is also no dedicated helpdesk, and administrative officers are currently handling user support.

There is no defined policy for requiring undergoing regular trainings to update their knowledge and skills. In the Law on Civil Servants there is a very general obligation for all state employees to professionalize, but it is not being systemically implemented.

- **Gaps**

Substantive Gap

3(c)(a) Funding for DPPP: There is no strategy established on how to secure the funding in a long run and currently the system is available for all users free of charge, which raises the issue of sustainability. Considering that the financing resources are outside the control of the DPPP and might not be addressed within the procurement system, a red flag is assigned to this gap.

3(c)(b) Adequacy of staff in the DPPP: DPPP is understaffed. There is no IT experts on DPPP, and fully relies on the software vendor, which also provides maintenance and operations services in addition to developing the EPPS system. There is also no dedicated helpdesk. Considering that allocation of budget to support additional resources is outside procurement system, a red flag is warranted.



3(c)(c) Training requirement: DPPP does not have any policy on training requirements for its staff responsible for the e-procurement. Also, the DPPP does not have overall capacity building strategy and program for its staff as well as e-Procurement system users.

Minor Gap

3(b)(c) Budgetary and treasury authorities: Despite the DPPP being under the Ministry of Finance, the EPPS still does not interface with the budgetary and treasury system (IFMIS). So, the EPPS cannot verify and validate the committed budget for the procurement packages. The disconnect with the Treasury system poses many challenges in the fiscal discipline in public procurement. It requires active cooperation with the Ministry of Finance and EPPS interface with the Treasury system.

• Recommendations

To address the substantive gap:

3(c)(a) Funding for DPPP: Ensure budget resource from the government and donors fund.

3(c)(b) Adequacy of staff in the DPPP: A strong in-house IT team should be there for the sustainability of the e-Procurement system, and a dedicated Helpdesk should be operational to support the existing users as well as new users when the system will be rolled out across all the public entities.

3(c)(c) Training Requirements: It is recommended to have a mandatory training requirement for the new recruitments and regular refresher trainings on the operational (functions and features and their proper use, security, communication, e-Procurement challenges) as well as technical areas on a regular basis for all the staff in e-procurement operation and support for the efficient implementation of the EPPS.

To address minor gaps:

3(b)(c) Budgetary and Treasury Authorities: The DPPP should establish robust coordination mechanisms to ensure an effective interface for data exchange with the budgetary and treasury system (IFMIS).

The EPPS should ensure that budget for Annual Procurement Plans (APP) are committed in the Treasury system, i.e., IFMIS. All procurements should be initiated only after the APP is endorsed, facilitating streamlining fiscal discipline and encouraging planned and informed procurements. The e-Contract Management and Monitoring module should also be linked with the treasury system to track and ensure contract quality, time, and costs based on the contractual terms and conditions.

Table 6. Summary of Substantive Gaps and Recommendations on Indicator 3

Substantive gap	Risk classification and red flags	Recommendations
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Sub-Indicator 3(c)(a): Funding for DPPP	High Risk Red flag	Ensure budget resource from the government and donors fund.
Sub-Indicator 3(c)(b): Adequacy of Staff in DPPP	High Risk Red flag	DPPP is understaffed. There is no IT experts on DPPP, and fully relies on the software vendor, which also provides maintenance and operations services in addition to developing the EPPS system. There is also no dedicated helpdesk. Detailed recommendations are provided in the report.
Sub-Indicator 3(c)(c): Training requirement	Medium risk and not a red flag	It is recommended to have a mandatory training requirement for the new recruitments and regular refresher trainings on the operational (functions and features and their proper use, security, communication, e-Procurement challenges) as well as technical areas on a regular basis for all the staff in e-procurement operation and support for the efficient implementation of the EPPS.

Source: Assessment team.

E-Proc-Indicator 4. The e-procurement ecosystem relies on an adequate business model.

E-Procurement platforms may be deployed and operated in different business model arrangements with varying degrees of outsourcing and government ownership of the platforms and data. Single or multiple platforms may be used, as well as diverse architecture, infrastructure and service schemes. Regardless of the nature of the e-procurement platforms, they should have a functioning and sustainable business model that allows them to deliver results over the long run. The ecosystem should establish the standards for this to happen.

- **Synthesis of the Indicator**

The Montenegrin e-procurement system is owned and managed by the Directorate for Public Procurement Policy (DPPP). The DPPP has outsourced the maintenance and enhancement of the system to an external company. The DPPP does not have any IT experts on staff, so it is fully dependent on the outsourcing company for all technical issues.



The DPPP owns the source code to the e-procurement system, but it does not have the technical expertise to use it. The system is hosted at the data center of the Ministry of Public Affairs.

The Public Finance Management Reform Program 2022-2026 outlines a few strategic objectives for the e-procurement system, including further development of the system's functionality and establishment of interoperability with related IT systems and registers.

The e-procurement system is very flexible and can be updated whenever there are changes in legislation, regulation, market practices, or technological developments. The DPPP has a lumpsum contract with the outsourcing company to fix and enhance the system when needed.

The DPPP does not have any policy in place on the sustainability of the system. Using the system is currently free of charge and funded through the government budget.

Overall, the Montenegrin e-procurement system is well-designed and flexible. However, the DPPP's full reliance on an outsourced company for all technical issues is a potential risk. The DPPP should consider developing in-house IT expertise to reduce this risk and ensure that it has full control over the system.

- **Findings**

The e-procurement platform (<https://Cejn.gov.me>) is based on the web technologies and developed following monolith design architecture. Since the userbase is low in Montenegro, the scalability, agility, and maintainability of the system are still not a challenge faced by the system. The system is modular and flexible in terms of making changes if required. The system is developed using proprietary Microsoft.NET technology at the core and front end is developed through Angular system development platform. The e-procurement system uses a MS SQL database.

There is no clear business model established in the country. Source code and data are owned by the DPPP, but the system is being maintained by an external company. There is a service-level agreement with a lumpsum contract for the maintenance, and enhancement of the system. There have been no challenges to the data protection and confidentiality so far. The DPPP is fully dependent upon the outsourced company on all technical issues, including application and data management as the DPPP does not have IT experts and other required technical staff. The EPPS is hosted at the data center of the Ministry of Public Affairs (National Data Center). There is a lack of technical control from the side of the DPPP in terms of the access to the data and sensitive functions of the e-procurement system.

The DPPP does not have any well-documented strategy for implementation and other arrangements, however DPPP follows a full outsource-based business model with its very limited control on the e-Procurement system configuration and management.

The DPPP owns source code to minimize vendor lock-ins, however, the DPPP does not have technical staff to use the source code and also maintain technical aspects of the system. The system is hosted at the Servers in the Ministry of Public Affairs (national data center). The operation and maintenance of the system is fully outsourced to an external company.



The Public Finance Management Reform Program 2022-2026 outlines a few strategic objectives under the Objective 2.2.2: improving the functionality of the e-procurement system and training its users, in order to achieve value for money in public procurement and PPP, further development of the functionality of the e-procurement system, and establish the interoperability of e-procurement with related IT systems and registers.⁶

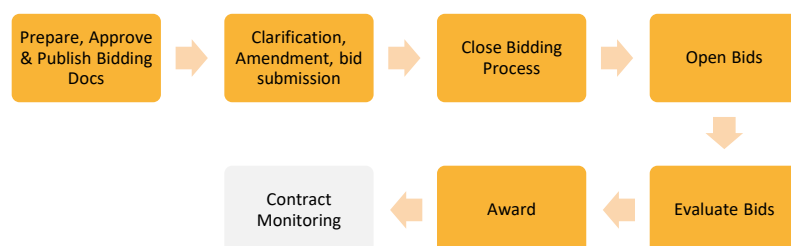
The e-procurement system provides parameters to configure the business rules of the procurement processes. The e-procurement system can be updated whenever there are any changes in the legislation/regulation or any changes are triggered by circulars or directives, or any market practices and technological development. The system allows to configure the parameters of the business rules. There is a lumpsum contract with the vendor with a service-level agreement to fix and enhance the system when there are needs to modify or add functionality to the e-procurement system, such as fixing defects, adding new features, improving performance, or updating the system to comply with new regulations or standards and new developments around the procurement ecosystem.

The DPPP does not have any policy in place on the sustainability of the system. Using the system is free of charge at the moment. Currently, the system is funded through the government budget.

The e-Procurement Platform Functional Overview and Findings

The DPPP is also responsible for maintaining the EPPS. The e-Procurement system is accessible to all registered and non-registered users free of charge. It provides suppliers with an efficient and transparent means of participating in procurement processes and allows contracting authorities to manage procurement activities more effectively. The e-procurement system is data-driven and developed in compliance with the EU directives, with workflows, audit trails, and standard bidding documents and templates digitally transformed from the manual process. It broadly covers functions and processes of the procurement cycle, following the workflow (figure 6).

Figure 6. High-level View of e-Procurement Processes



Source: Assessment team

Economic Operators Registration: Supplier Registration module works well. Enrolment/registration to use the EPPS is free and authentication on the digital platforms is open and accessible to all interested

⁶ Public Finance Management Reform Program 2022-2026 (<https://etendering.ted.europa.eu/cft/cft-display.html?cftId=14893>).



parties, including foreign bidders. However, not all bidders use digital certificates. Those who do not have digital certificates need to be physically present for the registration. Foreign bidders register by email. For the works contracts, foreign companies need registration with the Montenegro Tax Administration (MTA) if they win the contract.

Currently, there are about 4040 economic operators (EO). At the time of registration, the e-procurement system captures general information, contact information, head office, admin, and authorized person details of economic operators. The system does not capture whether the EO is a SME or falls under any diversified groups of gender, minority or other. Montenegro does not have any preferential treatment provisioned in the procurement legislation. Most of the bidders are SMEs. The system should include identifiers for SMEs at registration.

The system also does not capture the information suppliers' green compliance, so the system should include tagging for green procurement.

The system supports the Common Procurement Vocabulary (CPV) as the classification standard for the goods, works and services for the items to be supplied by the suppliers.

The e-procurement system does not capture the information about the beneficial ownership (BO) of the shareholders and directors of the EOs.

This lack of integration may lead to duplication of data and additional administrative burdens. The system is interfaced only with the Ministry of Justice system for mandatory conditions on convictions (the only one that works, but not with the with tax administration for the second mandatory condition to participate in procurement procedure). The interface with the Tax administration was tested, but it is not working at the live system. The system has been interfaced with the Ministry of Interior, Central Registry of Companies (CRPS), but it is not utilized yet. The interface should be established as soon as possible to enhance the efficiency in populating data from the source, enhance data consistency across government systems, and ensure the validity and authenticity of the data.

There should be an explicit instruction displayed about the registration and digital signature acquisition-related information for foreign bidders.

The Montenegrin Public Procurement Portal (Portal javnih nabavki Crne Gore) consists of several key modules that support different stages of the procurement process. These modules include:

- 1. Procurement Planning Module:** Article 84 of the PPL foresees that annual procurement plans (APPs) are prepared by contracting authorities by January 31 of each year and are submitted to the Ministry of Finance (DPPP) for approval. Publication procurement plan in the EPPS is required. Also, any subsequent change in the approved procurement plans should be submitted to the MoF for publication.

The PPL and its implementation acts don't foresee the multiannual planning process however this does not prevent multi-annual commitments or commitments that continue in the following year. The system only allows annual procurement planning in accordance with the law. APP uses CPV for the classification of goods, works and services. The plan includes all items. Values of items with and without tax are disclosed. Simplified procurements are not required to be included in the APP. E-procurement system is not interoperable with the budget/treasury, there is only the link with the budget position added manually in procurement plan. One-third of the contracting authorities



are under the state budget. Other authorities are local authorities, SOEs, etc., and budget system for them is different.

This module allows contracting authorities to publish procurement plans, which outline the goods, works, and services that will be procured over a certain period. The module also includes a search function that allows suppliers to find upcoming procurement opportunities.

2. **Procurement Notice (Procedures) Module:** This module enables contracting authorities to publish procurement notices, which provide information about specific procurement procedures. Suppliers can view and download the notices and can also submit questions or requests for clarification. In the EPPS all public procurement opportunities in Montenegro are posted. The portal is easily and freely accessible. In accordance with Article 45 of the PPL, the Montenegrin EPPS enables, among other things, the publication of tender documentation and dispatching of public procurement notices above the thresholds identified in Article 26 of the PPL to the Publications Office of the EU so that they can be published in the Official Journal of the EU. Only when using the negotiated procedure without prior publication of a contract notice (Articles 59, 60, 65 of the PPL), there is no publication of opportunities. The use of such a method must always be justified and the CA shall obtain the opinion of the MoF, before the initiation of such a negotiation procedure (Article 65 of the PPL). The MoF shall provide their opinion based on the submitted justification, within eight days of the receipt of the proper documentation. Only when for reasons of extreme urgency brought about in exceptional circumstances by events unforeseeable by the CA and not depending or attributable to that CA, the opinion of the ministry is not requested. The communications are offline.

While preparing the procurement procedure, the procedure preparation module captures general information at the first step, where the CA officials should enter the type of contract, type of procedure (determines further processes either open or simplified, when APP is not needed), publication date, additional info (whole or by lots, framework or other). It also allows to choose a plan – own or joint plan from another CA, conditions for participation (two mandatory criteria should be chosen). Then, criteria for selection of the most advantageous bid are stipulated and technical specifications are uploaded. Technical specifications can be uploaded as an Excel document or one by one on the online form provided if the contract is a unit price-based contract. The CA defines the phases and access rights for the phases. The committee is also entered in the system, and committee member names are published with the Procurement Notice. Procurement procedures above the estimated value are not allowed to be published. Estimated value is disclosed. The system supports the lot based open tendering method as well.

Tendering Module: This module allows suppliers to submit electronic bids or proposals in response to procurement notices. The module includes tools for managing the procurement process, such as publishing addenda or communicating with suppliers.

Economic operators (bidders) use e-Signature certificates to submit bids. International bidders are not required to obtain any national e-certification to register and can use their own national e-certifications.

Bidder can submit bids individually or as part of a joint venture or for subcontracting. Bidders need to upload European Procurement Document (SPD), standard documents, certificates, self-declaration (it's an EU document). Economic operators cannot bid above the estimated value. Bid submission is free of charge.

Bids are encrypted and remain inaccessible and anonymous to all until the bid is opened.

Contracting authorities shall, depending on the type of the public procurement procedure, publish or supply clarification of the tender documentation and amendments via EPPS with no delay and



at the latest within five days of receipt of a request.

Bids are opened automatically without interventions of any opening committee or persons. Opening minutes are generated by the system and published on the portal. Article 131 determines that the EPPS shall automatically create minutes of the opening of bids immediately after the opening has been completed and shall forward it to all bidders, jointly or individually, depending on the type of the public procurement procedure. All the bidders receive the minutes. In the event of e-procurement system failure or interruption of operation or technical limitations in operation of the EPPS, the deadline for the submission of the bids shall be extended for a period of the duration of interruption, and at least 24 hours from putting the EPPS system back into operation, or for the remaining part of the time limit if the interruption of operation or technical limitations in operation of EPPS lasted longer than the remaining part of the time limit.

Depending upon the type of procurement (open or negotiated), the fields in the bid submission form will vary.

- 3. Evaluation Module:** This module enables the evaluation of bids or proposals submitted by suppliers. The module includes tools for managing the evaluation process, such as automated scoring and ranking.

The evaluation criteria are determined depending on the type of procurement subject and in accordance with requirements of the PPL and based on the Rulebook on the Methodology of Evaluation of Bids. Article 117 provides that CAs shall determine the criterion in the tender documentation and establish a methodology for evaluation of bids. The criterion for selection of the most advantageous bid shall be descriptive, determined by points, related to the subject of procurement and non-discriminatory.

The CA establishes an evaluation committee with a minimum of three members including a president of the committee. It is ensured that one evaluation committee member will be from the business domain. Each member of the committee shall separately (individually) evaluate regular bids based on the criteria established in the tender documentation. Evaluators declare if any conflict of interest exists with any bidders. Evaluators can write their Note of Decent to the President of the Committee. The evaluation committee also checks the criteria for participation. All documents are accessible to Evaluation committee members. The president prepares a bid evaluation report. The report is generated in MS Word. The report includes evaluations from all evaluation members and a comparison matrix.

The decision of the award is prepared and uploaded on the e-procurement system to make it publicly available. Montenegro procurement system provides ten days of standstill period for other bidders to appeal on the decision of award. The standstill period starts from the day of publication of the contract award notification. There is no complaint mechanism in the country. The appeal should be done through the CA. It is resolved at the CA level. The e-procurement system does not capture the appeal decision.

Contract templates are not currently included in the SPD. CAs prepare the contract themselves.

- 4. Reporting Module:** This module provides data and reports on procurement activity, including information on procurement plans, notices, and contracts. The module also includes tools for monitoring compliance with procurement regulations and identifying areas for improvement. The e-procurement system includes a set of predefined report templates. It does not allow to generate ad hoc dynamic reports, and currently does not have any data analytics tools available



in the system. The reporting tool provides data and reports on procurement activity, including information on procurement plans, notices, and contracts. The data captured feed the statistical report provided in the annual procurement reports prepared by the DPPP. However, this data should be analyzed manually, and the system doesn't offer data analytics tools.

The e-procurement system does not include a contract management module, however, contract amendments and variations, and Contract Implementation Reports are uploaded into the system.

Overall, these modules work together to support the entire procurement process, from planning to contract award and reporting.

- **Gaps**

Substantive Gaps

4(a) (b) Well-documented strategies for minimizing vendor lock-in: There is no written strategies, but the fact that DPPP owns source code. The system is hosted at the Servers in the Ministry of Public Affairs (national data center). The operation and maintenance of the system is fully outsourced to an external company. The DPPP does not have a business-continuity team on standby to avoid vendor-lock situations and to ensure the effective execution of its objectives. This gap is flagged as a red flag because the DPPP is understaffed and does not have any IT experts and fully relies on an outsourcing company in all IT tasks, including operation, database management and system management. However, there exists a service-level agreement- and a lumpsum contract between the DPPP and the vendor for fixing bugs, maintaining the system on an everyday basis and enhancing the system.

4(b)(a) Sustainable funding for e-procurement operations: The funding to operate e-procurement is not sufficient and external funding is required. This poses a red flag.

Minor Gaps

4(a)(a) Platforms and Data Ownership: The EPPS does not have any documented operating business model of its platform and written policy on the e-procurement data ownership.

Recommendations

The following are some recommendations:

To address the substantive gaps:

4(a)(b) Well-documented strategies for minimizing vendor lock-in: DPPP should strengthen its technical capability to operate, manage and control the EPPS. It should establish a dedicated business continuity team to ensure smooth operation of the EPPS and avoid vendor lock-in. Knowledge should be seamlessly transferred to the DPPP business continuity team and the control of the system should be in the hands of the DPPP. So, the recruitment and mobilization of a business continuity team is essential. The Business Continuity Team may consist of experts with skills in software architecture, business analysis, database administration, web programming and designing, quality assurance,



change management and capacity building, training, communication skills, and other supporting skills. The DPPP should explore the options for other business modalities as well as for the implementation and operation of the e-procurement system. The business continuity technical team could be in-house or outsourced, a state-owned enterprise, a public-private partnership, or another sustainable arrangement. Besides the above, the government should ensure the following elements are in place to ensure business continuity (table 6):

- 1) Robust IT Infrastructure: Reliable and scalable hardware and network infrastructure to support the EPPS operations.
- 2) Disaster Recovery Plan: A well-defined plan to restore services in case of a disaster, including data backup and recovery procedures.
- 3) Redundancy: Critical systems and components should have redundancy to ensure service continuity in case of failure.
- 4) Security Measures: Strong cybersecurity measures to protect against unauthorized access, data breaches, and other security threats.
- 5) Regular Maintenance: Scheduled maintenance and updates to the e-GP system to ensure it remains functional and secure.
- 6) Training and Support: Continuous training for users and technical support to address any issues that may arise during operation.
- 7) Monitoring and Evaluation: Ongoing monitoring of the system's performance and regular evaluation to identify areas for improvement.
- 8) Legal and Regulatory Compliance: Ensuring the e-GP system complies with all relevant laws, regulations, and standards.
- 9) Vendor Management: Establishing relationships with reliable vendors for software, hardware, and services critical to the e-GP system.
- 10) Change Management: Procedures to manage changes to the system, including updates and the introduction of new features or technologies.

(4(b)(a) Sustainable funding for e-procurement operations: The EPPS should have a Sustainability Framework developed to ensure the sustainable for the smooth operation, support, maintenance and enhancement of the EPPS with adequate technical resources in the DPPP. Considering that allocation of budget to support e-procurement is outside procurement system, a red flag is warranted.

To address the minor gaps:

4(a)(a) Platforms and Data Ownership: DPPP should have a documented policy on business model on the EPPS implementation, and policy on data ownership including a clear mandate on authority for the DPPP to collect data, manage it, use, own and a full control of the EPPS data. Additionally, there should be a comprehensive Service Level Agreement (SLA) with the external company to protect the data breach and misuse of the e-Procurement System, as well as the Quality of Service (QoS) to be delivered to the users of the e-Procurement system.



Table 7. Summary of Substantive Gaps and Recommendations on Indicator 4 Substantive gap		Risk classification and red flags	Recommendations
Sub-Indicator 4(a)(b): Well-documented strategies for minimizing vendor lock-in		High risk and not a red flag	DPPP should strengthen its technical capability to operate, manage and control the EPPS. It should establish a dedicated business continuity team to ensure smooth operation of the EPPS and avoid vendor lock-in. Knowledge should be seamlessly transferred to the DPPP business continuity team and the control of the system should be in the hands of the DPPP. So, the recruitment and mobilization of a business continuity team is essential.
Sub-Indicator 4(b)(a): Sustainable Funding for EPPS		High risk Red flag	The EPPS should have a Sustainability Framework developed to ensure the sustainable for the smooth operation, support, maintenance and enhancement of the EPPS with adequate technical resources in the DPPP.

Source: Assessment Team

Indicator 5. The e-procurement ecosystem has a strong capacity to develop and improve.

Aligned with Indicator 8 of the MAPS core methodology, this indicator focuses on the strategies and ability of the e-procurement ecosystem to develop and improve.

- **Synthesis of the Indicator**

This indicator assesses the capacity-building and user support for the e-procurement system. The Montenegrin e-procurement ecosystem has a strong capacity to develop and improve, as evidenced by the following factors:

- **Regular training programs:** The Directorate for Public Procurement Policy (DPPP) and the Administration for Human Resources organize training programs on the use of the e-procurement



system for all users. The DPPP also routinely evaluates and adjusts training programs based on feedback and need.

- **User manuals and guidelines:** The DPPP has prepared EPPS user manuals that facilitate the use of the EPPS. There are also online manuals, guidelines, and rulebooks available.
- **Feedback-based improvement:** The DPPP takes into account users' experience for improving the system. It performs routine evaluation and periodic adjustment on the e-procurement systems based on feedback and need.
- **Mandatory use:** EPPS is adopted for all public procurement as all Contracting Authorities (CAs) are obliged to implement all procurement through the e-procurement system, except for simple procurements below 8,000 euros.

However, there are a few areas where the e-procurement ecosystem could be further improved:

- **Regularly scheduled training programs:** The DPPP does not have regularly scheduled training programs where users and stakeholders can sign up and participate. This could help to ensure that all users are adequately trained on the use of the system.
- **Formal help desk:** A formal and dedicated help desk would be a valuable resource for users who need assistance with the e-procurement system. The help desk should be staffed by trained personnel who can provide timely and accurate support.
- **Frequently Asked Questions (FAQ):** A FAQ would be a helpful resource for users who have common questions about the e-procurement system. The FAQ should be easily accessible and regularly updated.
- **Systemic performance evaluation:** The performance of the e-Procurement system should be measured regularly using a systemic performance evaluation system. This would help to identify areas where the system can be improved.

Overall, the Montenegrin e-procurement ecosystem has a strong foundation for development and improvement. By addressing the few areas for improvement identified above, the ecosystem can further enhance its effectiveness and efficiency.

- **Findings**

The Montenegrin e-procurement system has made significant strides in recent years, streamlining public procurement processes and fostering greater transparency and efficiency. However, there remains room for further enhancement to maximize the system's potential and fully realize its benefits.

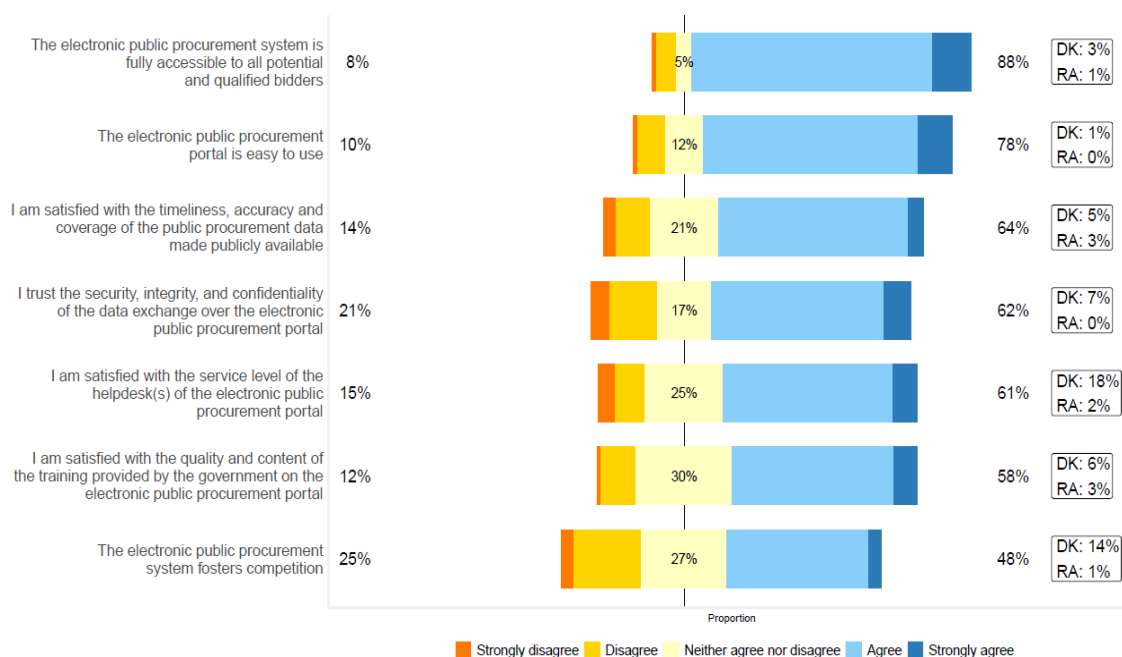
Training and User Support

The DPPP and the Administration for Human Resources have organized training programs on the e-procurement system for all users. These programs are regularly evaluated and adjusted based on feedback and need to ensure their effectiveness. Additionally, the DPPP has prepared comprehensive user manuals and online guidelines to facilitate the use of the system.



100 percent of institutions have been covered by training on the use of the e-procurement system, and have at least one employee trained (this number varies depending on the size of institution and can be higher than 10). There are 3,495 suppliers as of 8 November 2023 registered in the e-procurement system, out of which 2,011 passed the training organized by the DPPP. The number of trained auditors is 20, which represents 100 percent of all auditors involved in public procurement procedures. According to survey results, 58 percent of users are satisfied with the quality and content of the training on e-procurement (figure 7).

Figure 7. User Satisfaction with the e-Procurement System



Source:

While these efforts are commendable, the absence of a regular and scheduled training program with open enrollment limits the accessibility of training opportunities. Establishing a formalized training program with a structured curriculum and open registration would provide users with a consistent and convenient way to enhance their knowledge and skills.

Help Desk Services

Currently, support for e-procurement users is primarily provided by DPPP officials during working hours through phone and email communications. While this approach offers immediate assistance, the lack of a dedicated help desk can lead to inconsistencies in support quality and availability. Implementing a formal help desk with trained staff would provide users with a centralized and reliable source of support, ensuring prompt resolution of their queries and concerns. Survey results show that 61 percent of users are satisfied with the service level of the e-procurement's helpdesk (figure 7).



Performance Evaluation of the e-Procurement System

The performance of the e-procurement system has been evaluated only once, through a specific project implemented by the Government's Competitiveness Council. While this provides valuable insights, the absence of a systemic performance evaluation system limits the ability to track progress and identify areas for improvement. Establishing a regular and comprehensive performance evaluation framework would enable continuous monitoring of the system's effectiveness and inform data-driven decision-making.

User Experience and Feedback

The DPPP actively seeks user feedback to incorporate into system improvements. This commitment to user-centric design ensures that the e-procurement system aligns with the needs and expectations of its users. However, the development of a Frequently Asked Questions (FAQ) section would provide users with a convenient resource for self-resolution of common queries, reducing the burden on support services.

Mandated Adoption and Compliance

The mandatory adoption of the e-procurement system for all public procurement, except for simple procurements below a certain value, has significantly increased its usage and impact. This widespread adoption ensures a large and diverse user base, providing valuable feedback for continuous improvement. The update of the e-procurement system by CAs is 100 percent, since the use of e-procurement system is mandatory as of 1 January 2021, and last year alone, procurements were carried out at total value of €506,954,976.2.

- **Gaps**

Substantive Gaps

5(b)(a) Multi-channel Helpdesk: There is no formal help desk, only unofficial support of DPPP during working hours are available. Supports are provided through phone and email communications.

5(b)(b) Quality of Helpdesk: A dedicated helpdesk is not established. So, Quality of Services agreements are not established, cannot be tracked, and monitored to guarantee for an optimal operation of the helpdesk(s).

5(b)(c) Training to Helpdesk staff: Help desk is not established and also planned training for the staff is not available.

5(c)(a) Performance measurement of EPPS: There is no systemic performance evaluation established.

Minor Gaps



5(b)(d) Up-to-date information and documents: Online manuals, guidelines, and rulebooks on EPPS are available and accessible to its user, but no frequently asked questions (FAQs) document. DPPP has plans to develop the FAQs.

- **Recommendations**

To address substantive gaps:

5(b)(a) Multi-channel Helpdesk: A multichannel (i.e. email, phone, SMS, FAQ, remote handholding support through technology tools) dedicated helpdesk should be established to support the users of the e-Procurement system.

5(b)(b) Quality of Helpdesk: A dedicated helpdesk should be established to support the users of the e-Procurement system and ensure the quality of Services of the Helpdesk by tracking and monitoring its performance and operations.

5(b)(c) Training to Helpdesk staff: A dedicated helpdesk should be established with adequate training to the staff on public procurement, EPPS operations and trouble-shooting, and communication skills, provide up-to-date scripts to answer questions and provide effective support to the users of the e-Procurement system.

5(c)(a) Performance Measurement of EPPS: The system should have in-built performance indicator, a feedback tool to review and improve the performance of the e-procurement system. Additionally, the DPPP should carry out a third-party system security, performance and functional audit every time major changes are made in the system.

To address minor gaps:

5(b)(d) Up-to-date information and documents: The portal and its information should be available and updated in a regular basis.

Addressing these challenges will help to improve the effectiveness and efficiency of the EPPS in Montenegro.

Table 8. Summary of Substantive Gaps and Recommendations for Indicator 5

Substantive gap	Risk classification and red flags	Recommendations
Sub-Indicator 5(b)(a): Multi-channel Helpdesk	High risk and not a red flag	A multichannel (i.e. email, phone, SMS, FAQ, remote handholding support through technology tools) dedicated helpdesk should be established to support the users of the e-Procurement system.
Sub-Indicator 5(b)(b): Quality of Helpdesk	Medium risk and not a red flag	A dedicated helpdesk should be established to support the users



of the e-Procurement system and ensure the quality of Services of the Helpdesk by tracking and monitoring its performance and operations.

Sub-Indicator 5(b)(c): Training to Helpdesk Staff Medium risk and not a red flag

A dedicated helpdesk should be established with adequate training to the staff on public procurement, EPPS operations and trouble-shooting, and communication skills, provide up-to-date scripts to answer questions and provide effective support to the users of the e-Procurement system.

Sub-Indicator 5(C)(a): Performance Measurement of EPPS Medium risk and not a red flag

The system should have in-built performance indicator, a feedback tool to review and improve the performance of the e-procurement system. Additionally, the DPPP should carry out a third-party system security, performance and functional audit every time major changes are made in the system.

Source: Assessment Team

3.3. Pillar III. Procurement Operations and Market Practices

Pillar III in the MAPS core methodology focuses on the way the procurement system in a country operates and performs in practice. For the e-procurement module, this pillar focuses on the functional and technical features of a particular platform or platforms in the e-procurement ecosystem, as well as how procuring entities use these features. In addition, it evaluates the interaction of the private sector with the e-procurement ecosystem.



E-Proc-Indicator 6. The e-procurement ecosystem enables the achievement of the country's procurement objectives.

The available functional features of the platforms that make up the e-procurement ecosystem should allow procuring entities to achieve the objectives they seek through procurement. Depending on the configuration of the assessed jurisdiction's e-procurement ecosystem, this can be achieved via modules in a single e-procurement system, or through different platforms.

- **Synthesis of the Indicator**

The e-procurement ecosystem in Montenegro demonstrates a set of distinctive technical features, primarily driven by legal compliance. Annual procurement planning is a cornerstone, in line with the legal requirements, while excluding simplified procurements from the Annual Procurement Plan (APP), and multi-annual planning is notably absent. The system adopts the Common Procurement Vocabulary (CPV) for classification. Despite adherence to various procurement methods stipulated by the regulatory framework, the system lacks certain modules such as e-catalog and contract management, and there is a notable absence of a reverse auction function.

Communication and workflow within the system are structured, facilitating step-by-step navigation from draft to the finalization and publication of tender invitations. The inclusion of evaluation criteria and the flexibility for bidders to submit individually or through joint ventures or subcontracting contribute to the system's adaptability. Key documentation, including the European Procurement Document (SPD), is mandatory for bid submissions, ensuring transparency, and bid identities remain confidential. The bid evaluation process involves a committee of at least three members, with representation from the business domain, generating a comprehensive report in MS Word format.

The system centralizes all documents in a secure location accessible only to the contracting authority (CA) and evaluation committee members. The decision of the award becomes public, initiating a standstill period for ten days. Bidders can appeal through the CA, with resolutions handled at this level during the same standstill period. The system captures crucial contract data but lacks contract management module to handle the features for managing amendments, extensions, follow-up, oversight, and reasons for delays, letting CAs to input this data manually. Overall, the Montenegro e-procurement system demonstrates a structured and compliant approach with room for improvement in certain functionalities and transparency measures.

- **Findings**

Procurement Planning

- The system only allows annual procurement planning, in accordance with the law.
- Multi-annual procurement planning is not provisioned in the e-procurement system.
- The Annual Procurement Plan (APP) uses CPV (Common Procurement Vocabulary) for the classification of goods, works, and services.



- Simplified procurements are not required to be included in the APP.

Interoperability with Budget/Treasury and E-Procurement System Coverage

- The e-procurement system is not interoperable with the budget/treasury. The budget position is added manually in the procurement plan.
- The e-procurement system uses all procurement methods and types of contracts that the legal/regulatory framework establishes should be carried out through e-procurement.
- The system does not have e-catalog and contract management modules.
- Reverse auction is not available in the system.

Procurement Documentation

- The e-procurement system enables use of standard procurement forms/templates.
- There is no standard contract clause.
- There is inconsistency among public entities in preparing contracts.

Procurement Process

- The reference number of procurement from the plan is stated in the procurement call and other relevant documents. The linkage is enabled by the e-procurement system.
- The system prevents contracting authorities from concluding contracts for a larger amount than stated in the plan.
- The system provides step-by-step navigation in preparing tender documents. The system follows the workflow from draft to the finalization and publication of the invitation to tender.
- There is a communication tab in the system that allows communication between contracting authorities and interested parties.

Tender Submission

- Bidders can submit bids individually, as a joint venture, or with subcontractors.
- The European Procurement Document (SPD) must be uploaded along with the bids. Standard documents, certificates, and self-declarations must also be uploaded.
- The estimated value of the procurement is disclosed.
- Bids cannot be above the estimated value.
- The identities of bidders are not disclosed.

Tender Evaluation



- The evaluation committee must have a minimum of three members (an odd number).
- At least one member of the evaluation committee must be from the business domain.
- Evaluators can give a note of dissent, if any.
- The evaluation committee also checks the criteria for participation.
- The president prepares a bid evaluation report.
- The report is generated in MS Word.
- The report provides evaluation from each evaluator and a comparison table.

Contract Award

- All relevant documents are stored in one place.
- These documents are not all public.
- They can be seen by only the contracting authority and evaluation committee members.
- The decision of the award is prepared and uploaded and is publicly available.
- After the decision of award is published, there is a ten-day standstill period.
- Contract is generated electronically, but the generated electronic contract does not include general conditions of contract.

Appeal Mechanism

- Bidders can appeal.
- Appeals must be done through the contracting authority.
- Appeals are resolved first at the contracting authority level and after at the Commission for Protection of Rights in Public Procurement.
- The ten-day standstill period starts from the day of publication of the contract award notification (equivalent to intent to contract award).

Contract Management

- The system captures data needed for the contract, including financial offer, technical specification, etc., but not the general clauses of the contract.
- The system generates electronic contracts.
- The system does not capture data on the management of contract amendments, extensions, and contract follow-up and oversight and overruns and reasons of delays by itself, but allows contracting authorities to insert this data and upload reports.
- **Gaps**



The e-Procurement System (EPPS) in Montenegro has a number of challenges, including:

Substantive Gaps

6(a)(b) Linking to budget information: E-procurement system is not interoperable with the budget/treasury, there is only the link with the budget position added manually in procurement plan.

6(b)(a) Use of all procurement methods: Simple procurements, e-Catalogs, dynamic purchasing, and procurement method for innovations are not supported by the EPPS.

6(c)(a) Generation of electronic contracts: General clauses of the contract also should be included in the generated electronic contract. Currently, it is separately attached, by each of the CAs, and inconsistent across the CAs.

Minor Gaps

6(b)(b) Use of Model procurement documents: The e-procurement system enables use of standard procurement forms/templates, but there is no standard contract clause. There is inconsistency among the public entities in preparing contracts.

• Recommendations

To address substantive gaps:

6(a)(b) Linking to budget information: The system should be linked with the budget system in the Ministry of Finance to ensure the fund is committed for the procurements. CPV codes is not linked/mapped with the Budget Code.

6(b)(a) Use of all procurement methods: Simple procurements, e-Catalogs, dynamic purchasing, and procurement method for innovations are not supported by the EPPS.

6(c)(a) Generation of electronic contracts: The contract generated by the EPPS should include all documents and information as part of the contract including final financial offer, technical specifications, general terms of contracts and others

To address minor gaps:

6(b)(b) Use of Model procurement documents: The e-Procurement should provide standard template for the contract to be used by all the public entities.

Table 9. Summary of Substantive Gaps and Recommendations for Indicator 6

Substantive gap	Risk classification and red flags	Recommendations
Sub-Indicator 6(a)(b): Multi-Linking to budget information	Medium risk and not a red flag	The system should be linked with the budget system in the Ministry of Finance to ensure the fund is committed for the procurements. CPV codes is not



Sub-Indicator 6(b)(a): Use of all procurement methods

Medium risk and not a red flag

linked/mapped with the Budget Code.

The EPPS should provide facility to carry out all procurement methods and types of contracts as established by the legal and regulatory framework.

Sub-Indicator 6(c)(a): Generation of electronic contracts

Medium risk and not a red flag

The contract generated by the EPPS should include all documents and information as part of the contract including final financial offer, technical specifications, general terms of contracts and others.

Source: Assessment Team

E-Proc-Indicator 7. The e-procurement ecosystem's technical characteristics render it effective and secure.

In a world where government affairs are increasingly conducted through digitally based tools, e-procurement will be operating within a broader infrastructural ecosystem of e-government. As with traditional steel-and-concrete infrastructure, this entails that due consideration must be made as to the technical characteristics of digital infrastructure, and naturally the same goes for e-procurement.

- **Synthesis of the Indicator**

The Montenegrin e-procurement system is a secure and effective system that can help to improve procurement processes in Montenegro. The system is also hosted in a secure data center and uses TLS 1.2 encryption to protect data. Additionally, the system has firewalls set up and is audited regularly by an external company. This helps to protect the system from cyberattacks and other security risks.

The system is interfaced with the Ministry of Justice system for verifying criminal records of economic operators, which is a mandatory condition for participation in tenders. This helps to ensure that only qualified businesses are able to participate in procurements. However, the system still does not interface with the crucial e-services which complement the integrity, consistency and efficiency of the e-procurement system. The system is not developed using full principles of responsive web-design. However, the e-procurement system is accessible through most of the popular web-browsers in desktop and mobile devices. Finally, the system encrypts bids and evaluation records to protect confidentiality. This helps to ensure that only authorized personnel can see this information. The e-procurement system does not provide any terms of use with disclaimers, users' responsibilities and obligations, data ownership, confidentiality, system availability, etc., to be agreed by the users in order to use the platform.



The e-procurement system does not allow submission of bids after the bid submission deadline. The bids remain encrypted until the bids are opened after the stipulated bid opening time. Only the authorized persons relevant to the specific process of the procurement have access to the bids, which otherwise remain confidential. The e-procurement system uses digital signatures to authenticate users to minimize the risk of fraud or repudiation of their actions. The system uses workflow, audit log and digital signature to ensure the integrity of the information.

- **Findings**

The e-procurement system is a data-driven system. The Electronic Public Procurement System (EPPS) has the following features related to infrastructure and security measures:

Integration

- The system does not interface with other government systems, such as the central register of companies, the tax administration system, treasury, and banks.
- The lack of integration may lead to duplication of data and additional administrative burdens.

Data

- The system does not capture data automatically for business intelligence and the system also does not provide data analytics tools.

Infrastructure

- The system is hosted in the Ministry of Public Affairs (national data center).
- Reliability of the infrastructure is challenged because there is no disaster recovery site.

Security

- Hacking of web portals was reported last year, but the e-procurement system was not affected.
- Data backups are managed by an external company in charge of system maintenance.
- The system uses TLS 1.2 for encryption and authentication.
- Firewalls are set up to protect the system from cyberattacks.

Usability

- The system does not provide any terms of use to be agreed by the users in order to use the platform.
- The system is accessible through most of the popular web-browsers in desktop and mobile devices.
- The system is a monolithic system, so single sign on is by default.
- The system is not developed using full principles of responsive web-design.



Bidding

- Bids are encrypted and cannot be changed by anyone after the expiry of the bid submission.
- The system captures all the audit trails with time stamp and stores in an audit log. The information cannot be altered by anyone.

Authentication

- The system uses username and password for the authentication of users and also uses digital certificates to identify and authenticate users.
- Not all users use digital certificates. This may create challenges in data consistency, security and integrity of the system.

Confidentiality

- Whole bid document is encrypted, so even the administrators of the system cannot see any content of the bids before opening.
- All the bids and evaluation records are kept confidential before the conclusion and publication of the evaluation results.

Overall, the e-procurement ecosystem is effective and secure, but there are some areas that could be improved. The lack of integration with other government systems is a major concern, as it could lead to duplication of data and additional administrative burdens. The system also lacks data analytics tools, which could be used to improve procurement planning and decision-making. Additionally, the system's infrastructure could be improved by adding a disaster recovery site. Finally, the system's security could be improved by requiring all users to use digital certificates for authentication.

- **Gaps**

Summary of the gaps of the EPPS:

Substantive Gaps

7(a)(a) Interoperability: The system does not operate with any of the listed budget, treasury, tax, business registrar, invoicing government services and also does not interface with banks for bid securities. Currently the system interfaces only with the Ministry of Justice. This lack of integration leads to manual data entry and reconciliation, which is time-consuming and error prone.

7(a)(b) Data capture for Business Intelligence: The system does not capture data automatically for business intelligence and the system also does not provide data analytics tools.

7(b)(a) Reliability of e-Procurement Infrastructure: There is no disaster recovery center in the country. Most of the e-procurement system processes are time sensitive, and it is important that the system is available 24/7 without interruption.

7(b)(c) Contingency Plan: Data backup is done, but this is managed by the external company in charge for system maintenance, and not by DPPP or other state body. This may pose the challenge of data



breach.

There is no documented virus management policy in place.

7(c)(b) Up-to-date Terms of Use: The e-Procurement system does not provide any terms of use to be agreed by the users in order to use the platform.

7(d)(e) User Authentication: Not all users use digital certificates. This may create challenges in data consistency, security and integrity of the system.

7(e)(a) Mark parts of bids as confidential: System does not allow the bidders to mark the documents or bids partially.

Minor Gaps

7(b)(e) Technical Audit: The external company in charge of the maintenance of the system, which is also the developer of the system, carry out technical audits to protect from cyberattacks and other security risks. However, third-party audits are not carried out on a regular basis. It is important that a third-party system should be carried out whenever a major change in the system is made or functionalities are introduced to avoid system vulnerabilities and security risks.

- **Recommendations**

The following recommendations are made to address the gaps which are impacting the transparency, efficiency, and effectiveness of the EPPS. (See table 8 for a summary of substantive gaps and recommendations.)

To address substantive gaps:

7(a)(a) Interoperability: The interfaces and interoperability with the supporting government services should be brought in use to facilitate the efficiency and consistency of data, particularly with the central register of companies, tax, budget/treasury registries, and banks. The recommendation is also in-line with the EU recommendation, to “further improve the functionality of the e-procurement system and its interoperability with state administration registers.”⁷

7(a)(b) Data capture for Business Intelligence: The system should incorporate business intelligence and make available data analytics tools for identifying the strengths, gaps and malpractices and facilitating informed decision making.

7(b)(a) Reliability of the e-Procurement Infrastructure: There should be a disaster recovery site (DRS) to ensure the reliability of the infrastructure, and also adequate level of redundancy of hardware and network equipment for failover arrangements. It is critical to ensure that the system and data are instantly available if any malfunction occurs, and data is not lost. Considering the data center is managed by another government entity. The availability of DRS and allocation of budget to support additional resources is outside the procurement system, a red flag is warranted.

⁷ Montenegro 2022 Report, European Commission (https://neighbourhood-enlargement.ec.europa.eu/montenegro-report-2022_en).



7(b)(c) Contingency plan: It is recommended that the data custody should be always with the government to avoid abuse of procurement data by any other party. A documented data backup and virus management policy should be in place.

7(c)(b) Up-to-date Terms of Use: The absence of the Terms of Use to be agreed by the users may pose serious legal and practical challenges in future in using the e-procurement system. Obligations and responsibility of the users in the e-Procurement system should be clearly communicated and made its agreements mandatory before using the e-Procurement system.

7(d)(e) Use of Authentication: The system should mandate to use of only one method of authentication either the digital signature or other equivalent methods for all the users for the authentication. The use of digital signature and password-based symmetric authentication in parallel in the same system causes technical complexity, inconsistency of data and privileges, challenges in user experience, increased cost, challenges in system security concerns, interoperability, and system maintenance. Considering that allocation of budget to support additional resources for revamping architectural changes of the system, and a new system adoption is complex and is outside the procurement system, so a red flag is warranted.

7(e)(a) Mark the parts of bids as confidential: The EPPS should allow the bidders to mark the documents or bids partially to prevent the confidentiality of the bidders innovations, proprietary information and confidential private information.

To address minor gaps:

7(b)(e) Technical Audit: The external company in charge of the maintenance of the system, which is also the developer of the system, carry out technical audits to protect from cyberattacks and other security risks. However, third-party audits are not carried out on a regular basis. It is important that a third-party system should be carried out whenever a major change in the system is made or functionalities are introduced to avoid system vulnerabilities and security risks.

Table 10. Summary of Substantive Gaps and Recommendations for Indicator 7

Substantive gap	Risk classification and red flags	Recommendations
Sub-indicator 7(a)(a): Lack of Interoperability	Medium risk No red flag	The interfaces and interoperability with the supporting government services should be brought in use to facilitate the efficiency and consistency of data, particularly with the central register of companies, tax, budget/treasury registries, and banks. The recommendation is also in-line with the EU recommendation to



Sub-indicator 7(a)(b) Medium risk
Data Capture for Business No red flag
Intelligence

improve interoperability with state administration registers. The system should be incorporated with the business intelligence and make available data analytics tools for facilitating informed decision making.

Sub-Indicator 7(b)(a): High risk
Reliability of the e-Procurement Red flag
infrastructure

There should be a disaster recovery center to ensure the reliability of the infrastructure, and also adequate level of redundancy of hardware and network equipment for failover arrangements.

Sub-Indicator **7(b)(c):** High risk and not a red flag
Contingency plan

It is recommended that the data custody should be always with the government to avoid abuse of procurement data by any other party. There should be a documented data backup and virus management policy in place.

Sub-Indicator 7(c)(b): Up-to- Medium risk and not a red flag
date Terms of Use

The absence of the Terms of Use to be agreed by the users may pose serious legal and practical challenges in future in using the e-procurement system. Obligations and responsibility of the users in the e-Procurement system should be clearly communicated and made its agreements mandatory before using the e-Procurement system.

Sub-Indicator 7(d)(e): User High Risk
Authentication Red flag

The system should mandate to use only one method of authentication either the digital signature or other equivalent methods for all the users for the authentication.

Sub-Indicator 7(e)(a): Mark Medium and not a red flag
parts of bids as Confidential

The EPPS should allow the bidders to mark the documents



or bids partially to prevent the confidentiality of the bidders innovations, proprietary information and confidential private information.

Source: Assessment Team

E-Proc-Indicator 8. The e-procurement ecosystem takes advantage of additional technical and functional features available for a variety of procurement methods.

Once a basic e-procurement ecosystem that is effective, accessible and reliable has been established, there is a host of potential gains to be made from taking advantage of available technical and functional features, in particular to support different procurement methods according to the needs of the procuring entities.

- **Synthesis of the Indicator**

The e-procurement system in Montenegro is a comprehensive system that supports a variety of procurement procedures, including the two-stage bidding procedure and joint ventures. However, there are some areas where the system could be improved, such as the lack of e-catalogs. Additionally, the system does not have contract management with electronic invoicing modules.

Here is a brief breakdown of the strengths and weaknesses of the system in terms of additional functions and features besides core functions.

Strengths:

- Supports the two-stage bidding procedure
- Supports joint ventures
- Uses Common Procurement Vocabulary (CPV)
- Supports different currencies and dual languages (Montenegrin and English)
- Allows for the submission of bid securities and bonds via e-procurement system but is not used in practice

Weaknesses:

- Does not have e-catalogs
- Does not have contract management module
- Does not have electronic invoicing module



Overall, the e-procurement system in Montenegro is a valuable tool for conducting public procurement. However, there are some areas where the system could be improved to make it more efficient and effective.

- **Findings**

The e-Procurement system of Montenegro is a robust platform that supports a variety of procurement procedures. However, there are some areas where the system could be enhanced to further streamline and modernize the procurement process. This document outlines recommendations for additional features and functions that would improve the overall effectiveness and efficiency of the system.

1. E-Reverse Auction

The PPL describes in Articles 68-72 the e-reverse auction as one of the forms of conducting public procurement. The e-procurement system currently has a ready-to-use e-reverse auction module, but this feature is not yet actively utilized. Implementing e-reverse auction functionality would introduce a competitive bidding mechanism that could potentially lead to lower procurement costs.

2. E-Catalogs, Framework Agreements, and Dynamic Purchasing Systems

The introduction of e-catalogs would provide a centralized repository of pre-approved goods and services, simplifying the procurement process and reducing the administrative burden on contracting authorities. Similarly, e-catalog would help to get substantial and meaningful benefits from framework agreements and dynamic purchasing systems in enhancing more efficient and flexible procurement of frequently purchased goods and services.

3. Enhanced Contract Management Module

The current lack of a contract management module poses challenges in effectively managing and monitoring procurement contracts. Adding a contract management module would provide functionalities for contract acceptance, performance tracking, and amendment management, ensuring greater transparency and accountability throughout the contract lifecycle.

4. Electronic Invoicing

The procedures for processing invoices are part of the financial management legal framework and also are incorporated as part of specific public procurement contracts. The e-procurement system is not linked with any payment gateway or financial payment system of the Ministry of Finance. The EPPS does not reflect the payments conducted for the signed contracts, nor the appeal decision issued by the Commission for Protection of Rights. It appears that no linkages to other relevant information for promoting transparency and competition are ensured through the EPPS, such as cases of corruption handled by the Agency for Preventing Corruption, or court decisions for convicted firms. Integrating electronic invoicing capabilities into the e-procurement system would streamline the process of issuing,



receiving, and processing invoices, reducing paperwork and improving payment efficiency. This would not only benefit contracting authorities but also facilitate timely payments to suppliers and bring in fiscal discipline.

5. Bid Securities and Bonds via e-Procurement System

The current practice of submitting bid securities and bonds in person as hard copy documents compromises anonymity and adds an unnecessary step to the procurement process. Enabling the submission of these documents electronically would enhance the efficiency and security of the procurement process.

6. Effective Inventory Management

The absence of features for accepting products in the e-procurement system hinders effective inventory management. Integrating these functionalities would allow for real-time tracking of goods and services received, ensuring accurate inventory levels and facilitating informed procurement decisions.

7. Multilingual Support

While the system currently supports Montenegrin and English, expanding multilingual capabilities would further enhance accessibility and inclusivity, particularly for international bidders and suppliers.

- **Gaps**

Substantive Gaps

8(a)(b) Electronic purchases from catalog: The e-Procurement system does not have e-catalog yet. And framework agreements and dynamic purchasing system are not used in the country yet.

8(b)(f) Acceptance of bid securities and bonds: Bid securities and bonds are not allowed through the system, are submitted in person as a hard copy document, which jeopardies the anonymity.

8(b)(g) Acceptance of products for effective inventory management: e-Procurement system does not have contract management module, and hence there is no features for acceptance of products for effective inventory management.

8(b)(h) Electronic invoicing: The procedures for processing the invoices are part of the financial management legal framework and also are incorporated as part of the specific public procurement contract. The e-procurement system does not have contract management module and is not linked with any payment gateway or financial payment system of the Ministry of Finance. The EPPS does not reflect the payments conducted for the signed contracts, nor the appeal decision issued by the Commission for Protection of Rights. It appears that no linkages to other relevant information for promoting transparency and competition are ensured through the EPPS, such as cases of corruption handled by the Agency for Preventing Corruption, or court decisions for convicted firms.



- **Recommendations**

To address substantive gaps:

8(a)(b) Electronic Catalog: The EPPS should have e-Catalog incorporated and dynamic purchasing and framework agreement should be used for the value for money.

8(b)(f) Acceptance of bid securities and bonds: The e-Procurement system should have provision to submit the bid securities and guarantees online enhance the efficiency, authenticity and to avoid face-to-face contact with the bidders.

8(b)(g) Acceptance of products for effective inventory management: The EPPS should have a comprehensive Contract Management module with features required for the contract execution, management, and performance monitoring. It should include also the feature for the electronic acceptance of products for effective inventory management.

8(b)(h) Electronic Invoicing: Establish the module on e-invoice in the e-procurement system to ensure the timely payment and also keep record of all the expenditure through public procurement to ensure the fiscal discipline in public procurement.

Table 11. Summary of Substantive Gaps and Recommendations for Indicator 8

Substantive gap	Risk classification and red flags	Recommendations
Sub-Indicator 8(a)(b): Electronic Catalog	Medium risk and not a red flag	The EPPS should have e-Catalog incorporated and dynamic purchasing and framework agreement should be used for the value for money.
Sub-Indicator 8(b)(f): Acceptance of bid securities and bonds	Medium risk and not a red flag	The e-Procurement system should have provision to submit the bid securities and guarantees online enhance the efficiency, authenticity and to avoid face-to-face contact with the bidders.
Sub-Indicator 8(b)(g): Acceptance of products for effective inventory management	Medium risk and not a red flag	The EPPS should have a comprehensive Contract Management module with features required for the contract execution, management, and performance monitoring. It should include also the feature for the electronic acceptance of



Sub-indicator 8(b)(h):
Electronic Invoicing

High risk and not a red flag

products for effective inventory management.

Establish the module on e-invoice in the e-procurement system to ensure the timely payment and also keep record of all the expenditure through public procurement to ensure the fiscal discipline in public procurement.

Source: Assessment Team

E-Proc-Indicator 9. Data from the e-procurement ecosystem facilitates decision-making.

A key advantage of e-procurement is the potential of the e-procurement ecosystem to make data about public procurement available in a structured and accessible manner that would be close to impossible in an analog system. Naturally, if there is potential to generate value, it needs to be both realized, meaning that data is actually made available, and actualized, meaning that the available data is used for decision-making.

- **Synthesis of the Indicator**

The e-Procurement system does not currently support the Open Contracting Data Standard (OCDS), which is a machine-readable format for storing and publishing procurement data. This lack of support for OCDS makes it difficult to access and analyze procurement data, and it also limits the transparency of the public procurement process.

The adoption of OCDS would have a number of benefits for the Government of Montenegro, including:

- Improved transparency and accessibility to the public expenditure datasets and their use for further analytics
- Standardization of the procurement data format
- Informed procurement policy and decision-making

In addition to these benefits, publishing procurement data in OCDS format could also trigger the enhancement of transparency and lead to a number of other benefits, such as:

- Ideas about new businesses, jobs, and supply chains
- Business priority areas
- Feedback from stakeholders on improving the system

The e-procurement system already has a substantial amount of data on public procurement, which could be used to inform the government for policy decisions and to trigger the enhancement of transparency.



The e-procurement system presents a mixed picture in terms of its capabilities in facilitating decision-making. Montenegro still needs to complete its alignment with the EU *acquis* on the Open Data Directive along with other directives. The system does not support machine-readable open data concept, Open Contracting Data Standard (OCDS) or similar open data formats. However, some of the datasets on procurement plans and open procedures of the public procurement are available on the Government Open Data Portal (<https://data.gov.me/>).

The absence of support for machine-readable open data concepts and the Open Contracting Data Standard (OCDS) or similar formats hinders the system's interoperability and compliance with international standards. This deficiency not only limits data accessibility but also impedes seamless integration with broader data ecosystems.

Real-time tracking of procurement activities by external actors is a positive feature, providing transparency and accountability. However, the absence of systemic reporting, statistics, and open-format publications leaves room for improvement. The lack of data analysis tools further diminishes the system's utility for decision-makers, as it fails to offer comprehensive insights or facilitate informed choices.

While the procurement data is searchable and filterable within the system, the inability to download data in bulk represents a notable limitation. This constraint may impede the efficiency of data utilization for broader analytical purposes. Additionally, the absence of data analytics tools with visualization capabilities further limits the system's capacity to derive meaningful insights from the available data.

The archiving of procurement data and documents for a period of five years is a positive step toward record-keeping and compliance. However, without accompanying data analytics tools, this archived information may not be leveraged to its full potential for retrospective analysis or strategic planning.

In conclusion, while the e-procurement system in Montenegro demonstrates some transparency through real-time tracking and limited data availability on the Government Open Data Portal, better support for open data standards and analytical tools are needed. Addressing these deficiencies is crucial to enhancing the system's effectiveness in facilitating decision-making and promoting a more robust and transparent procurement process.

- **Findings**

In the assessment of Montenegro's e-procurement system, several key findings have emerged, highlighting both areas of strength and opportunities for improvement. While the system is in the process of aligning with the EU *acquis* on the Open Data Directive and other directives, certain aspects require attention to fully meet international standards and promote a robust procurement ecosystem.

One positive aspect is the proactive step of making some datasets related to procurement plans and open procedures accessible on the Government Open Data Portal (<https://data.gov.me/>). This move towards transparency, albeit with still very limited datasets, is commendable and provides external actors with a valuable resource for understanding the public procurement landscape.



The real-time tracking feature for any procurement activity by external actors is another notable strength of the system. This feature enhances transparency and accountability, allowing stakeholders to monitor ongoing processes efficiently. It signifies a commitment to openness and responsiveness within the procurement framework.

Furthermore, the archiving of procurement data and documents for a period of five years within the e-procurement system demonstrates a dedication to record-keeping and compliance. The Rulebook on Manner of Operation and Use of EPPS provides that each publication must be available in the archives of the EPPS for at least five years from the date of publication with the objective of unrestricted access and search to the ordering party who conducted the procedure, to the competent authority for public policy procurement, the Commission for the Protection of Rights in the Public Procurement Procedure and the competent inspection body.

This practice ensures historical data availability for audit purposes and aligns with best practices in procurement management.

However, the assessment reveals several areas where enhancements could significantly improve the system's functionality and alignment with international standards. The absence of support for machine-readable open data concepts and the Open Contracting Data Standard (OCDS) poses challenges to interoperability and limits the system's potential for seamless integration with broader data ecosystems.

Moreover, the lack of systemic reporting, statistics, and open-format publications is an area that warrants attention. Systemic reporting is crucial for providing comprehensive insights into procurement trends, expenditure patterns, and overall system performance. Developing and implementing a robust reporting mechanism would further enhance transparency and support evidence-based decision-making.

The absence of data analysis tools and the inability to download procurement data in bulk are identified as areas where the system could benefit from improvements. Analytical tools play a pivotal role in deriving meaningful insights from data, aiding in strategic planning and policy development. Additionally, bulk data download capabilities are essential for researchers and policymakers requiring extensive datasets for in-depth analyses.

The assessment recognizes the positive steps taken by Montenegro in promoting transparency and accountability through the e-procurement system. The availability of certain datasets and real-time tracking are commendable features. However, to fully realize the potential of the system and align with EU directives, addressing the identified areas for improvement, such as support for open data concepts, systemic reporting, and enhanced data analysis capabilities, is crucial. By focusing on these aspects, Montenegro can further strengthen its e-procurement system, fostering a more transparent, efficient, and data-driven procurement environment.

- **Gaps**

Substantive Gaps



9(a)(a) Data disclosure as machine-readable open data: The system does not support machine-readable open data concept. The EPPS also does not provide option for data download, use and share by public with or without license.

9(a)(c) Use of Open Data by stakeholders: The system does not support machine-readable open data concept, and data is not used for analysis, measuring, monitoring, and evaluating procurement performance. The system does not have any analytical tools.

9(a)(d) Capacity building for Procurement data use and analysis: Data analytics are not available through the EPPS, and there is no program in place to build capacity for data use and analysis.

9(b)(c) Data Visualization: EPPS does not provide procurement data through visualizations.

Minor Gaps

9(a)(b) Data Publication in a Timely and Accurate Manner: According to the PPL, key procurement information related to different activities should be published in a timely manner, i.e., procurement plans, contract amendments, contract completions, contract monitoring reports, but there is no systemic reporting, statistics, etc. published in open format.

9(b)(a) Data bulk download: Data cannot be downloaded in bulk.

- **Recommendations**

Following recommendations are provided to address the minor gaps in the EPPS to improve the accessibility of the data, improve transparency and informed decision-making:

To address substantive gaps:

9(a)(a) Data disclosure as machine-readable open data: Procurement data should be available on open data format.

9(a)(c) Use of Open Data for stakeholders: A comprehensive data analytics tool should be available in the e-Procurement system, and provide access to the tool to the stakeholders for analysis and measuring, monitoring and evaluating procurement performance.

9(a)(d) Capacity building for Procurement data use and analysis: A comprehensive data analytics tool should be available in the e-Procurement system, and provide access to the tool to the stakeholders with appropriate level of licenses.

9(b)(c) Data Visualization: A data analytics tools should be available in the e-procurement system with a visualization facility.

To address minor gaps:



9(a)(b) Publication in a Timely and Accurate Manner: e-procurement system should publish key procurement data in a timely manner and provides accurate information and enough coverage of the whole procurement system using Open Data Format.

9(b)(a) Bulk Data Download: The system should provide facility to download the data from the e-procurement system with appropriate license to use the data.

Table 12. Summary of Substantive Gaps and Recommendations for Indicator 9

Substantive gap	Risk classification and red flags	Recommendations
Sub-Indicator 9(a)(a): Data disclosure as machine-readable open data:	Medium risk and not a red flag	Procurement data should be available on open data format.
Sub-Indicator 9(a)(c): Use of Open data by stakeholders	Medium risk and not a red flag	A comprehensive data analytics tool should be available in the e-Procurement system, and provide access to the tool to the stakeholders for analysis and measuring, monitoring and evaluating procurement performance.
Sub-Indicator 9(a)(d): Capacity building for Procurement data use	Medium risk and not a red flag	A comprehensive data analytics tool should be available in the e-Procurement system, and provide access to the tool to the stakeholders with appropriate level of licenses.
Sub-Indicator 9(b)(c): Data Visualization	Medium risk and not a red flag	A data analytics tools should be available in the e-Procurement system with visualization facility.

Source: Assessment team

E-Proc-Indicator 10. The private sector is fully engaged with the e-procurement ecosystem.

This indicator is linked with Indicator 10 of the MAPS core methodology and provides a deeper understanding of how the private sector, including small and medium enterprises, engages with the e-procurement ecosystem.

• Synthesis of the Indicator

In Montenegro, the e-procurement ecosystem involves both formal and informal mechanisms for a dialogue between the government and the private sector. Civil society actively participates in negotiating EU Chapter 5 on public procurement and shaping procurement laws. A government-established working group, featuring representatives from local municipalities, NGOs, and the Chamber of Commerce,



facilitates discussions on public procurement matters. Informal dialogues supplement these mechanisms when necessary.

The e-procurement system has both suppliers' and contracting authorities' registers, but it lacks integration with the Central Registry of Companies (CRPS). Article 108 of the PPL recognizes the authority of a contracting authority to exclude an economic operator from procurement procedures. However, the PPL does not specify the process for administrative debarment decisions, leading to potential variations in debarment processes among contracting authorities. The e-procurement system lacks a debarment list, and the DPPP does not maintain a debarment list of economic operators who are ineligible to participate in public procurement.

Montenegro boasts a high internet penetration rate (83.3 percent in 2022), well above the regional average. Montenegro has a high literacy rate of 98.98 percent, contributing to a favorable environment for digital processes. The e-procurement system is compatible with popular web browsers but lacks integration with most online services, except the Ministry of Justice system. No technological barriers hinder private sector and foreign suppliers from utilizing the e-procurement system. Registration is free, and authentication on digital platforms is open to all interested parties, including foreign bidders. Bidders without digital certificates may need physical presence for registration, especially for works contracts. Training is provided at no cost, but challenges may arise in forming cohorts and scheduling training sessions. No pre-scheduled training programs exist, and users may face difficulties in signing up for training. Challenges for foreign suppliers include bidding in euros only and limited language support (Montenegrin and English). The e-procurement system lacks dedicated instructions in English or other foreign languages for foreign bidders.

No specific sectors are defined as priority areas, indicating the system's application across all sectors.

In summary, Montenegro's e-Procurement ecosystem exhibits strengths in internet access and connectivity, but challenges include the lack of integration with the Central Registry of Companies and the absence of standardized debarment processes. The system is generally user-friendly, but improvements can be made in training accessibility and support for foreign bidders.

- **Findings**

There are both formal and informal mechanisms fostering dialogue between the government and the private sector. Civil society actively participates in critical negotiations surrounding EU Chapter 5 on public procurement and the formulation of procurement laws. Notably, a government-established working group, featuring representatives from local municipalities, NGOs, and the Chamber of Commerce, serves as a pivotal platform for discussing public procurement matters. This amalgamation of formal structures and informal dialogues underscores a commitment to inclusivity and collaboration in the decision-making processes.

However, certain challenges persist within the system. The interface with the Central Registry of Companies (CRPS) is yet to be activated, presenting a potential gap in data integration. Article 110 of the PPL acknowledges contracting authorities' prerogative to exclude an economic operator, yet the lack of clarity on the administrative debarment process, including appeals, introduces potential inconsistencies across different contracting authorities. Furthermore, the absence of a debarment list within the DPPP and the e-procurement system raises concerns about transparency and uniformity in monitoring excluded economic operators.



On the technological front, Montenegro's robust internet infrastructure stands out. With an impressive 83.3 percent internet penetration rate in 2022—surpassing the regional average—and high-speed broadband and mobile connectivity, the government's commitment to ensuring reliable telecommunications is evident. Initiatives such as subsidies for broadband adoption among low-income households reflect a concerted effort to bridge the digital divide.

Nevertheless, challenges arise in the design and user interface of the e-procurement system, particularly its limited integration with other online services beyond the Ministry of Justice system. The absence of dedicated instructions for foreign bidders in languages other than Montenegrin presents an obstacle, hindering clarity on processes such as registration, obtaining a Digital Signature Certificate (DSC), and participating in bids.

In terms of registration and bidding processes, the system appears accessible, with free enrollment/authentication and an online registration option. However, the requirement for physical presence for those lacking digital certificates, especially for works contracts, introduces a potential hurdle. While free training is available, the lack of pre-scheduled programs may pose challenges for users in terms of timing and accessibility.

Foreign suppliers face specific challenges, primarily related to bidding in different currencies. Despite the e-procurement system's provision to switch to English, dedicated instructions for foreign bidders in English remain absent. This lack of linguistic support may complicate the understanding of government policies, potentially limiting the full engagement of foreign entities.

In conclusion, Montenegro's e-procurement ecosystem demonstrates commendable strengths in internet infrastructure and inclusivity in dialogue mechanisms. However, addressing gaps in data integration, debarment procedures, and foreign-language support for foreign bidders could enhance transparency and promote broader private sector engagement. (See table 10 for a summary of substantive gaps and recommendations.)

- **Gaps**

Substantive Gaps

10(b)(b) Debarment List: There is no provision in the law on debarment of suppliers, and hence debarment list is not available in the e-procurement system.

10(b)(c) Systemic constraints inhibiting private sector access to e-Procurement: The EPPS capture and stores a lot of data along the whole procurement cycle from the bidders and public entities, but the data is rarely used for making informed decisions. Additionally, the law in Montenegro allows bidding only in Euro. EPPS does not provide dedicated instructions for foreign bidders in languages other than Montenegrin hindering clarity on processes such as registration, obtaining digital certificate and participating in bids.

- **Recommendations**

To address substantive gaps:



10(b)(b) Debarment List: There should be a debarment list publicly available in the country and the e-procurement system should have that linked with the supplier database, which should be automatically flagged and shown to the Evaluation Committee, that would decide on the case-by-case basis whether to allow debarred bidders to participate in procurement proceedings.

10(b)(c) Systemic constraints inhibiting private sector access to e-Procurement: The DPPP should come out with a capacity building program on data literacy to its users for a better decision making in public procurement. Additionally, there should be a clear legal provision for bidding in multiple currencies and provide clear and precise instructions for the foreign bidders on all aspects of facilitating the use of EPPS.

Table 13. Summary of Substantive Gaps and Recommendations for Indicator 10

Substantive gap	Risk classification and red flags	Recommendations
Sub-Indicator 10(b)(b): Debarment list	High risk and not a red flag	There should a debarment list publicly available in the country and e-Procurement system should have that linked with the supplier database.
Sub-Indicator 10(b)(c): Systemic constraints inhibiting private sector access e-procurement	High risk and not a red flag	The DPPP should come out with a capacity building program on data literacy to its users for a better decision making in public procurement. Additionally, there should be a clear legal provision for bidding in multiple currencies and provide clear and precise instructions for the foreign bidders on all aspects of facilitating the use of EPPS.

Source: Assessment team

3.4. Pillar IV - Accountability, Integrity and Transparency of the Public Procurement System

Pillar IV in the MAPS core methodology focuses on the way the procurement system incorporates the necessary measures to guarantee integrity, adequate controls and an anti-corruption framework. It also analyses the role of external stakeholders, and especially civil society, in improving procurement at all stages of the process.

Many aspects of the e-procurement system that relate to these topics have been assessed in other indicators in this module, particularly key elements necessary for transparency. The indicators in this pillar complete the evaluation of these matters, including how civil society and audit and control institutions engage with the e-procurement ecosystem, as well as the handling of e-complaints.



E-Proc-Indicator 11. The e-procurement ecosystem ensures civil society engagement.

Building on Indicator 11 of the core MAPS methodology, this indicator analyses the role of civil society in improving procurement, focusing exclusively on the e-procurement ecosystem.

- **Synthesis of the Indicator**

The current e-Procurement system in Montenegro does not provide a formal mechanism for citizens to provide feedback on every stage of the procurement process. While citizens can access information about procurement procedures, plans, and economic operators through the system, there is no option for them to directly submit comments or feedback. Additionally, the system does not integrate any online discussion forum or feedback form specifically designed to gather input from citizens.

Despite the lack of formal mechanisms, there is a possibility for citizens to provide feedback by registering as private persons in the system. However, this approach is not widely used, with only 50 private persons registered as of March 23, 2023. Moreover, there is no evidence that these registered users have provided feedback through the system.

To enhance transparency and citizen participation in the procurement process, the e-procurement system should be updated to include a dedicated feedback mechanism. This could take the form of an online discussion forum, a feedback form, or a combination of both. By providing a structured platform for citizens to share their input, the government can gain valuable insights and improve the overall effectiveness of the procurement process.

- **Findings**

The Montenegrin government acknowledges the importance of civil society involvement in public procurement and has made some efforts to engage with CSOs in the drafting of public procurement strategies and legislation. However, there is still room for improvement in fostering CSO participation in drafting bylaws, strengthening cooperation and consultation between state institutions and civil society, and improving free access to information.

While civil society was involved in the negotiation of the EU Chapter 5 on public procurement and the drafting of the procurement law, there is no formal mechanism for civil society to monitor and provide feedback on the procurement processes. Prior to the introduction of the e-procurement system, there were some instances where media representatives attended and reported on bid openings. However, this is no longer technically possible due to the online nature of e-procurement and the need to protect data privacy.

Although contracting authorities are not legally prohibited from inviting civil society to participate in procurement processes, there is no evidence of this happening in practice. The main activities that explain the engagement of civil society in the e-procurement ecosystem are:



- **Public consultations:** CSOs are occasionally invited to participate in public consultations on e-procurement reforms. However, their participation is not always systematic or structured, and their recommendations are not always fully considered in the final policy decisions.
- **Policy monitoring and evaluation:** There are some CSOs that monitor the implementation of e-procurement reforms, but their efforts are often limited due to a lack of resources and access to information.
- **Policy advocacy:** Some CSOs advocate for the use of e-procurement in all government agencies and promote transparency and accountability in public procurement. However, their advocacy efforts are not always effective due to limited resources and influence.

Search Functionality:

The e-Procurement system provides comprehensive search functionality, allowing citizens to access information based on various parameters like item types, procurement procedures, publication dates, duration, CPV codes, contracting authority, type of institution, estimated value.

Limited Access to Reports and Procurement Status:

A significant gap lies in the system's inability to provide citizens with access to generated reports and checking the status of ongoing procurements. Lack of real-time updates, publication of data in machine-readable format, and detailed information on specific procurement procedures, sectors, or institutions poses a challenge for citizens seeking in-depth data.

Feedback Mechanisms:

The system allows citizens to register as private persons, enabling them to provide comments and feedback. However, unregistered users do not have this privilege. The absence of a dedicated feedback mechanism within the e-procurement system limits citizens' ability to actively participate in the procurement process.

Online Discussion Forum Integration:

A significant drawback is the absence of an integrated online discussion forum or feedback form within the e-procurement system. This hinders the establishment of a structured platform for citizens to share insights, suggestions, and concerns regarding procurement processes.

Limited Legal and Policy Framework for Citizen Participation: The legal and regulatory framework in Montenegro does not allow citizens to participate effectively in the procurement process. There is minimal evidence of citizen participation through consultation, observation, or monitoring.

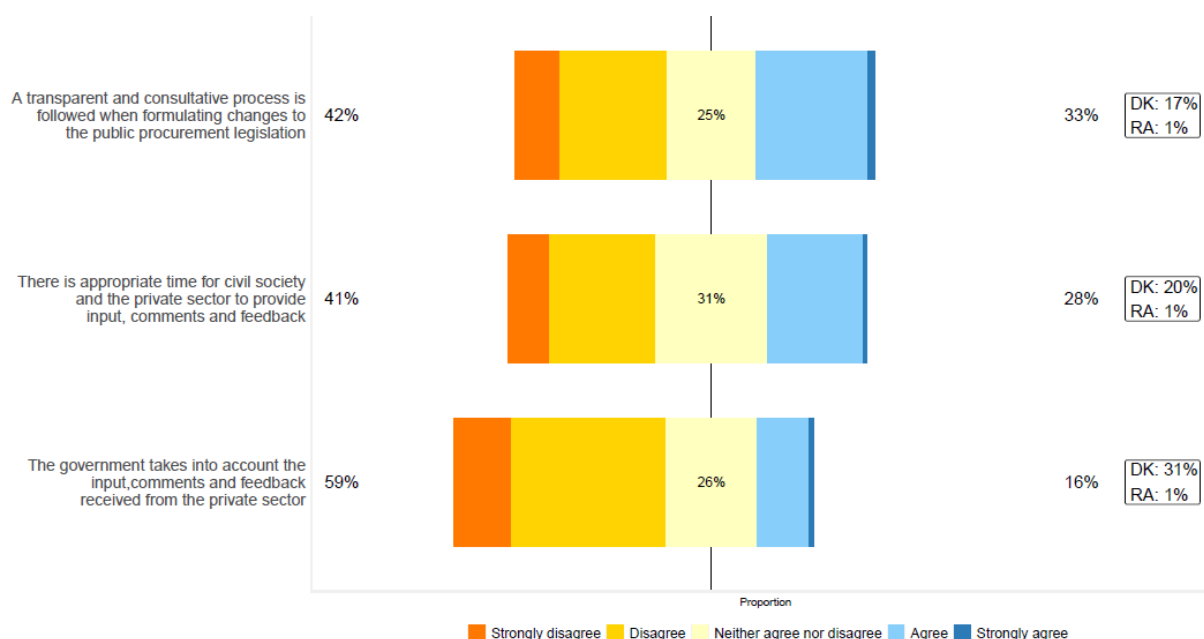
Despite 50 registered private persons in the system as of 23/3/2023, there is no evidence of active engagement through comments and feedback on specific procurements. This indicates a lack of effectiveness in the current system's design to encourage citizen participation.

Mixed Satisfaction Levels:



Survey results reveals that 37 percent of respondents are satisfied with the opportunities provided in the e-procurement system to access information and 28 percent of the respondents believe that there is appropriate time for civil society and the private sector to provide input, comments and feedback (figure 8).

Figure 8. Opportunity for Feedback and Comments



Source: Survey conducted by assessment team with private sector.

Addressing the identified gaps in Montenegro's e-procurement system is essential for fostering transparency, accountability, and active citizen participation.

- **Gaps**

Substantive Gaps:

11(b)(c) Citizen using the opportunities available to provide comments and feedback: The EPPS provides the registered users opportunity to provide feedback and comments, but the users have not taken advantage of the facility.

Minor Gaps:

11(a)(a) Lack of a Formal Government-Civil Society Dialog Platform: There is no formal government and civil society structure established dedicated to improve the e-Procurement ecosystem. However, citizens can provide their feedback by registering in the system.



- **Recommendations**

The recommendations provided are aimed at enhancing the e-procurement ecosystem and promoting engagement between the government and CSOs.

To address substantive gaps:

11(b)(c) Citizen using the opportunities available to provide comments and feedback: The users should be made aware about the feedback feature and encourage to provide the feature for the improvement in the procurements carried out in the EPPS.

To address minor gaps:

11(a)(a) Lack of Formal Government-Civil Society Dialogue: The DPPP could envisage the establishment of a Government-Public-Private Forum with the representation from the civil society and also private sector for their input and feedback to improve the e-procurement ecosystem. Successful examples of such forums can be found in Bangladesh and Ethiopia, where the forum members meet frequently and discuss different issues of e-procurement as well as other procurement related issues and provide constructive feedback to the government.

Civil society participation in e-procurement improvement in Montenegro could be enhanced by:

- **Establishment of a formal mechanism for CSO engagement:** The Montenegrin government should establish a formal mechanism (Government-Public-Private Forum) for CSO engagement in e-procurement reform, providing CSOs with a structured and meaningful role in policy development, system implementation, and monitoring.
- **Capacity building and support for CSOs:** The government should provide resources and support to CSOs to enhance their capacity to effectively participate in e-procurement improvement initiatives.
- **Transparency and access to information:** The government should ensure transparency and provide CSOs with access to relevant information on e-procurement policies, procedures, and data.
- **Strengthening CSO partnerships:** The government should encourage and support partnerships between CSOs and government agencies fostering collaboration and knowledge sharing.

The main objective would be to help improve transparency and integrity of public procurement, encouraging citizens to be more engaged in the decision-making process, increasing accountability in public procurement and promoting constructive collaboration between civil society and public authorities, in particular at the local level.

Table 14. Summary of Substantive Gaps and Recommendations for Indicator 11

Substantive gap	Risk classification and red flags	Recommendations
Sub-Indicator 11(b)(c):	Medium risk and not red flag	The users should be made aware about the feedback feature and encourage to



Citizen using the opportunities available to provide comments and feedback:

provide the feature for the improvement in the procurements carried out in the EPPS.

Source: Assessment team

E-Proc-Indicator 12. The e-Procurement ecosystem enables effective treatment of risks, control and audit.

Technology and data can serve as efficient tools to support control and audit of the procurement system. Auditors may work more efficiently when conducting procurement audits if information is timely and has good quality. In consequence, the e-Procurement ecosystem needs to produce the required information, which should be used for this purposes. More recent trends in the use of these data include automated controls to detect cases which might deviate from what is usually expected in a procurement process, thus enabling swift action from control authorities.

- **Synthesis of the Indicator**

The EPPS in Montenegro provides access to both internal auditors and external controls, supporting transparency and accountability in procurement. The system also uses algorithms to identify potential irregularities or suspicious activities. The MoF Central Harmonization Directorate (CHD) has overall responsibility for formulation, coordination, and monitoring of public internal control framework policy. Heads of public bodies are accountable for the implementation of the internal control framework to ensure cost-effective and proportionate internal controls that ensure compliance and achievement of institutions' goals. Internal auditors from the Ministry of Finance (Budget Section) also get access to specific parts of the procurement packages in the EPPS.

The Supreme Audit Institution (SAI) has financial, functional, and organizational independence from the executive, which is observed in practice, in line with the Constitution and the Law on SAI. SAI's main function is to ensure independent, professional, and objective control of the use of public funds and management of public assets in public bodies at both national and local levels. Contracting authorities (CAs) give access to the EPPS to the SAI Supervisors as external auditors. This allows external control (SAI) to perform control without performing on-the-spot checks, and they can access data with the approval of CAs.

The e-procurement system does not currently apply any algorithms for ex-ante detection of fraud in procurement activities. However, incorporating the Open Contracting Data Standard (OCDS) along with the ex-ante red flags on the different events and stages of the procurement process could facilitate the detection of risks and possible wrongdoings. Similarly, the ex-post analysis can be carried out using the existing data from the EPPS to detect risks and wrongdoings.

According to the DPPP, the number of trained auditors is 20, which represents 100 percent of all auditors involved in public procurement procedures. All the audits are currently carried out using data from the e-procurement ecosystem.

- **Findings**



The EPPS in Montenegro provides a solid framework for both internal and external audit of procurement activities. The MoF Central Harmonization Directorate (CHD) has overall responsibility for the formulation, coordination, and monitoring of public internal control framework policy. Heads of public bodies are accountable for the implementation of the internal control framework to ensure cost-effective and proportionate internal controls that ensure compliance and achievement of institutions' goals. Internal auditors from the Ministry of Finance (Budget Section) also get access to specific parts of the procurement packages in the EPPS.

The Supreme Audit Institution (SAI) has financial, functional, and organizational independence from the executive, which is observed in practice, in line with the Constitution and the Law on SAI. SAI's main function is to ensure independent, professional, and objective control of the use of public funds and management of public assets in public bodies at both national and local level. Contracting authorities (CAs) give access to the EPPS to the SAI Supervisors as external auditors. This allows external control (SAI) to perform control without performing on-the-spot checks, and they can access data with the approval of CAs.

The EPPS provides audit and oversight functions of procurement activities through the features of the system, such as access for internal and external auditors, and the ability to perform ex-post analysis, help to ensure transparency and accountability in the procurement process.

The implementation of additional features, such as ex-ante fraud detection algorithms and support for the Open Data, like Open Contracting Data Standard (OCDS), for machine-readable disclosure of procurement data, could further strengthen the system's audit capabilities and promote public trust in the procurement process.

Key Findings

- The MoF CHD has overall responsibility for formulation, coordination, and monitoring of public internal control framework policy.
- Internal auditors from the MoF Budget Section have access to specific parts of the procurement packages in the EPPS.
- The SAI has financial, functional, and organizational independence from the executive.
- CAs give access to the EPPS to SAI Supervisors as external auditors.
- The EPPS does not currently apply any algorithms for ex-ante detection of fraud.
- Incorporating open data standards like OCDS and ex-ante red flags could facilitate the detection of risks and possible wrongdoings.
- Ex-post analysis can be carried out using the existing data from the EPPS to detect risks and wrongdoings.
- **Gaps**

Substantive Gaps



12(b)(a) Absence of Ex-ante controls and algorithms: The EPPS does not provide any ex-ante controls and algorithmic features to detect the risks and possible wrongdoings.

Minor Gaps

12(b)(b) Absence of Regular Ex-post Investigation and Risk Analysis: The EPPS does not conduct any ex-post investigations and risk analysis regularly using data from the e-procurement ecosystem.

- **Recommendations**

To address substantive gaps:

12(b)(a) Absence of Ex-ante controls and algorithms: It is recommended to incorporate the ex-ante controls and red-flag algorithms to detect the risks and possible wrongdoings and maintains the integrity of the users involved in the procurement process.

To address minor gaps:

12(b)(b) Absence of Regular Ex-post Investigation and Risk Analysis: Regular ex-post investigations and risk analyses should be conducted using data from the EPPS. Currently, the system offers a pre-defined set of reports for monitoring procurement performance. Expanding these analyses to include post-procurement assessments would help identify and address issues and risks more effectively.

Table 14. Summary of Substantive Gaps and Recommendations for Indicator 12

Substantive gap	Risk classification and red flags	Recommendations
Sub-Indicator 12(b)(a): Absence of Ex-ante Red Flags and OCDS	Medium risk No red flag	It is recommended to incorporate the ex-ante controls and red-flag algorithms to detect the risks and possible wrongdoings..

Source: Assessment Team

E-Proc-Indicator 13. The e-procurement ecosystem facilitates review of complaints and appeals.

Building on the assessment of Indicator 13 from the core MAPS methodology, this indicator assesses whether the e-procurement ecosystem facilitates the entire procurement review process, both for the complainant as well as for the appeals institutions.

- **Synthesis of the Indicator**

The law in Montenegro provides for a complaints mechanism and appeals. Appeals must be submitted through the contracting authority (CA) and are resolved at the CA level. The Commission for Protection of Rights in Public Procurement is responsible for handling appeals.



Article 186 of the PPL defines the timeframes for submission of challenges and appeals. Appeals related to the selection of the most favorable bid or annulment of the procurement procedure must be submitted within 10 days of the date of publishing of the decision on the selection of the most favorable bid or the annulment of the procurement procedure.

Every tender has a Communication section where bidders can submit their complaints by selecting the type of message. The complaint is attached and directed to the CA. The CA reviews the nature of the complaint and decides whether to handle it internally or escalate it to the Commission for Protection of Rights in Public Procurement. The MAPS core assessment found that the number of complaints submitted is low compared to the number of tenders launched. For example, only one complaint was submitted for the seven tenders reviewed for the Ministry of Public Administration.

Summarized information on complaints is published in the annual reports of the Commission for Protection of Rights in Public Procurement, and decisions on complaints are published on the institution's website and are therefore publicly available.

The Commission of Appeal gets access to the e-procurement system on an ad hoc basis upon approval of the contracting authorities.

There are no tools for remedies in the e-procurement system.

- **Findings**

Montenegro's e-Procurement system features an appeal and complaint mechanism to address grievances arising from procurement procedures. While the law does not explicitly provide for complaints, it allows for appeals, which are handled through contracting authorities (CAs) and ultimately resolved at the CA level. The Commission for Protecting the Bidders' Rights plays a crucial role in adjudicating appeals.

The e-procurement system incorporates an appeal submission functionality, enabling bidders to lodge complaints electronically. Each tender includes a Communication section where bidders can raise concerns by selecting the appropriate message type. The complaint, along with any supporting documentation, is directed to the CA. Upon reviewing the nature of the complaint, the CA determines whether to handle it internally or escalate it to the Commission for Protecting the Bidders' Rights.

MAPS core assessment findings indicate a relatively low number of complaints filed compared to the number of tenders launched. For instance, out of the seven tenders reviewed for the Ministry of Public Administration, only one complaint was submitted. Similarly, no complaints were lodged for any of the eleven tenders launched by the Traffic Administration during the sample analysis period.

The Commission for Protecting the Bidders' Rights publishes summarized information on complaints in its annual reports, and decisions on complaints are made public on the institution's website. This transparency measure enhances accessibility to information and promotes accountability.



Despite these efforts, only 65 percent of economic operators surveyed indicated they had never been affected by competitor complaints in the procurement process or contract award, while 4 percent reported that such occurrences were regular. This suggests a need for further awareness-raising and engagement with economic operators to ensure they are well-informed about their rights and the appeal mechanism.

Regarding access to the e-procurement system, the Commission of Appeals gains access on an ad hoc basis upon approval from contracting authorities. This restricted access could potentially hinder commission's ability to effectively investigate and adjudicate appeals.

Furthermore, the e-procurement system lacks tools for providing remedies in cases of procurement irregularities or violations. The absence of such tools limits the system's capacity to address and rectify instances of non-compliance.

- **Gaps**

Substantive Gaps

13(a)(d) Remedies in e-procurement system: The EPPS does not have any dedicated section to allow convenient lodging of complaints by bidders, and the system does not interface directly with the Appeals Commission. There are no tools for remedies in the e-Procurement system.

13(a)(e) Publication of Resolutions in Open Data Format: Complaints and resolutions are not published in open data format. They are published in the form of unstructured text on the website of the Commission of Appeal.

- **Recommendations**

To address substantive gaps:

13(a)(d) Remedies in e-Procurement System: There should be a dedicated section on the EPPS to allow convenient way of lodging complaints by the bidders. There should be an interface developed for the Commission of Appeal in the EPPS from where the commission can access the appeals submitted, and also publish the resolution on the EPPS in addition to the publication of the appeal resolution reports on the Appeal Commission's website.

13(a)(e) Publication of Resolution in Open Data Format: The complaints and decisions of the appeals body should be published following open data standard in machine readable format.

Table 13. Summary of Substantive Gaps and Recommendations for Indicator 13

Substantive gap	Risk classification and red flags	Recommendations
Sub-Indicator 13(a)(d) Remedies in e-Procurement system	Medium risk No red flag	There should be a dedicated section on the EPPS to allow convenient way of lodging complaints by the bidders. There should be an interface



developed for the Commission of Appeal in the EPPS from where the commission can access the appeals submitted, and also publish the resolution on the EPPS in addition to the publication of the appeal resolution reports on the Appeal Commission's website.

Sub-Indicator 13(a)(e): Medium Risk
Publication of Resolution in Open Data Format

The complaints and decisions of the appeals body should be published following open data standard in machine readable format.

Source: Assessment team

4. Consolidated Recommendations

Pillar I - Legal, Regulatory and Policy Framework

E-Proc-Indicator 1. The legal and regulatory framework enables e-procurement.

The Electronic Public Procurement System (EPPS) in Montenegro has several weaknesses that need to be addressed in order to improve the efficiency, transparency, and accountability of public procurement in the country.

No unitary authentication means: The system should use a unitary system of authentication for all the users to maintain system security, integrity, and enhance efficiency.

Automation of entire procurement cycle: The government should automate the entire public procurement cycle for all procurement methods, including inserting data on direct procurements for annual reports as prescribed in the public procurement law to enhance consistency, accuracy, and integrity of the data and transactions.

Disclosure of Procurement Information: The EPPS should publish the evaluation reports and contract implementation details to enhance the transparency.



E-Proc-Indicator 2. E-procurement follows a strategy that is aligned with broader government policies.

e-Procurement Strategy: To address this gap, the government should prepare a comprehensive e-procurement strategy for the implementation of the e-procurement with executable action plans. The strategy should include, at a minimum, policies on e-procurement system adaptation in public entities and private businesses, e-procurement implementation policy, sustainability and governance policy, and communication and capacity building policy.

Sustainable Public Procurement (SPP): The system should capture the climate change-related data at different stages of the procurement processes, so that it can provide reports on such data, for example, it can capture in the Annual Procurement Plan (APP), whether a procurement package contains any sustainable procurement-related criteria or not.

Fostering Innovation: Procurement methods with provisions of innovations should be incorporated in the e-procurement.

Job Creation: The bid forms and also in the contract, the job creation by the contracts should be possible to capture.

Social inclusion: The e-procurement system should have functions and features to capture the provisions of social inclusion at different stages of the procurement process. The system should capture data on SMEs, gender, and minority participation in public procurement to better support the economy encouraging participation of all social groups.

Pillar II - Institutional Framework and Management Capacity

E-Proc-Indicator 3. The e-procurement ecosystem has a well-established and operational governance and management structure.

Funding for DPPP: Ensure budget resource from the government and donors fund.

Adequacy of staff in the DPPP: A strong in-house IT team should be there for the sustainability of the e-Procurement system, and a dedicated Helpdesk should be operational to support the existing users as well as new users when the system will be rolled out across all the public entities.

Training Requirements: It is recommended to have a mandatory training requirement for the new recruitments and regular refresher trainings on the operational (functions and features and their proper use, security, communication, e-Procurement challenges) as well as technical areas on a regular basis for all the staff in e-procurement operation and support for the efficient implementation of the EPPS.

Budgetary and Treasury Authorities: The DPPP should establish robust coordination mechanisms to ensure an effective interface for data exchange with the budgetary and treasury system (IFMIS).



The EPPS should ensure that budget for Annual Procurement Plans (APP) are committed in the Treasury system, i.e., IFMIS. All procurements should be initiated only after the APP is endorsed, facilitating streamlining fiscal discipline and encouraging planned and informed procurements. The e-Contract Management and Monitoring module should also be linked with the treasury system to track and ensure contract quality, time, and costs based on the contractual terms and conditions.

E-Proc-Indicator 4. The e-procurement ecosystem relies on an adequate business model.

The EPPS in Montenegro needs to be enhanced in terms of its architecture, processes, and interfaces. The following are some recommendations:

Well-documented strategies for minimizing vendor lock-in: DPPP should strengthen its technical capability to operate, manage and control the EPPS. It should establish a dedicated business continuity team to ensure smooth operation of the EPPS and avoid vendor lock-in. Knowledge should be seamlessly transferred to the DPPP business continuity team and the control of the system should be in the hands of the DPPP. So, the recruitment and mobilization of a business continuity team is essential. The Business Continuity Team may consist of experts with skills in software architecture, business analysis, database administration, web programming and designing, quality assurance, change management and capacity building, training, communication skills, and other supporting skills. The DPPP should explore the options for other business modalities as well as for the implementation and operation of the e-procurement system. The business continuity technical team could be in-house or outsourced, a state-owned enterprise, a public-private partnership, or another sustainable arrangement. Besides the above, the government should ensure the following elements are in place to ensure business continuity (table 6):

- 1) Robust IT Infrastructure: Reliable and scalable hardware and network infrastructure to support the EPPS operations.
- 2) Disaster Recovery Plan: A well-defined plan to restore services in case of a disaster, including data backup and recovery procedures.
- 3) Redundancy: Critical systems and components should have redundancy to ensure service continuity in case of failure.
- 4) Security Measures: Strong cybersecurity measures to protect against unauthorized access, data breaches, and other security threats.
- 5) Regular Maintenance: Scheduled maintenance and updates to the e-GP system to ensure it remains functional and secure.
- 6) Training and Support: Continuous training for users and technical support to address any issues that may arise during operation.
- 7) Monitoring and Evaluation: Ongoing monitoring of the system's performance and regular evaluation to identify areas for improvement.
- 8) Legal and Regulatory Compliance: Ensuring the e-GP system complies with all relevant laws, regulations, and standards.
- 9) Vendor Management: Establishing relationships with reliable vendors for software, hardware, and services critical to the e-GP system.



- 10) Change Management: Procedures to manage changes to the system, including updates and the introduction of new features or technologies.

Sustainable funding for e-procurement operations: The EPPS should have a Sustainability Framework developed to ensure the sustainable for the smooth operation, support, maintenance and enhancement of the EPPS with adequate technical resources in the DPPP.

Platforms and Data Ownership: DPPP should have a documented policy on business model on the EPPS implementation, and policy on data ownership including a clear mandate on authority for the DPPP to collect data, manage it, use, own and a full control of the EPPS data. Additionally, there should be a comprehensive Service Level Agreement (SLA) with the external company to protect the data breach and misuse of the e-Procurement System, as well as the Quality of Service (QoS) to be delivered to the users of the e-Procurement system.

E-Proc-Indicator 5. The e-procurement ecosystem has a strong capacity to develop and improve.

Multi-channel Helpdesk: A multichannel (i.e. email, phone, SMS, FAQ, remote handholding support through technology tools) dedicated helpdesk should be established to support the users of the e-Procurement system.

Quality of Helpdesk: A dedicated helpdesk should be established to support the users of the e-Procurement system and ensure the quality of Services of the Helpdesk by tracking and monitoring its performance and operations.

Training to Helpdesk staff: A dedicated helpdesk should be established with adequate training to the staff on public procurement, EPPS operations and trouble-shooting, and communication skills, provide up-to-date scripts to answer questions and provide effective support to the users of the e-Procurement system.

Performance Measurement of EPPS: The system should have in-built performance indicator, a feedback tool to review and improve the performance of the e-procurement system. Additionally, the DPPP should carry out a third-party system security, performance and functional audit every time major changes are made in the system.

Up-to-date information and documents: The portal and its information should be available and updated in a regular basis.

Pillar III. Procurement Operations and Market Practices

E-Proc-Indicator 6. The e-procurement ecosystem enables the achievement of the country's procurement objectives.

Linking to budget information: The system should be linked with the budget system in the Ministry of Finance to ensure the fund is committed for the procurements. CPV codes is not linked/mapped with the Budget Code.



Use of all procurement methods: Simple procurements, e-Catalogs, dynamic purchasing, and procurement method for innovations are not supported by the EPPS.

Generation of electronic contracts: The contract generated by the EPPS should include all documents and information as part of the contract including final financial offer, technical specifications, general terms of contracts and others

Use of Model procurement documents: The e-Procurement should provide standard template for the contract to be used by all the public entities.

E-Proc-Indicator 7. The e-procurement ecosystem's technical characteristics render it effective and secure.

The following recommendations are made to address the gaps which are impacting the transparency, efficiency and the effectiveness of the EPPS.

Interoperability: The interfaces and interoperability with the supporting government services should be brought in use to facilitate the efficiency and consistency of data, particularly with the **central register of companies**, tax, budget/treasury registries, and banks. The recommendation is also in-line with the EU recommendation, to “further improve the functionality of the e-procurement system and its interoperability with state administration registers.”⁸

Data capture for Business Intelligence: The system should incorporate business intelligence and make available data analytics tools for identifying the strengths, gaps and malpractices and facilitating informed decision making.

Reliability of the e-Procurement Infrastructure: There should be a disaster recovery center to ensure the reliability of the infrastructure, and also adequate level of redundancy of hardware and network equipment for failover arrangements.

Contingency plan: It is recommended that the data custody should be always with the government to avoid abuse of procurement data by any other party. There should be a documented data backup and virus management policy in place.

Up-to-date Terms of Use: The absence of the Terms of Use to be agreed by the users may pose serious legal and practical challenges in future in using the e-procurement system. Obligations and responsibility of the users in the e-Procurement system should be clearly communicated and made its agreements mandatory before using the e-Procurement system.

Use of Authentication: The system should mandate to use only one method of authentication either the digital signature or other equivalent methods for all the users for the authentication.

Mark the parts of bids as confidential: The EPPS should allow the bidders to mark the documents or bids partially to prevent the confidentiality of the bidders innovations, proprietary information and confidential private information.

⁸ Montenegro 2022 Report, European Commission (https://neighbourhood-enlargement.ec.europa.eu/montenegro-report-2022_en).



Technical Audit: The external company in charge of the maintenance of the system, which is also the developer of the system, carry out technical audits to protect from cyberattacks and other security risks. However, third-party audits are not carried out on a regular basis. It is important that a third-party system should be carried out whenever a major change in the system is made or functionalities are introduced to avoid system vulnerabilities and security risks.

E-Proc-Indicator 8. The e-procurement ecosystem takes advantage of additional technical and functional features available for a variety of procurement methods.

Substantive gaps:

Electronic Catalog: The EPPS should have e-Catalog incorporated and dynamic purchasing and framework agreement should be used for the value for money.

Acceptance of bid securities and bonds: The e-Procurement system should have provision to submit the bid securities and guarantees online enhance the efficiency, authenticity and to avoid face-to-face contact with the bidders.

Acceptance of products for effective inventory management: The EPPS should have a comprehensive Contract Management module with features required for the contract execution, management, and performance monitoring. It should include also the feature for the electronic acceptance of products for effective inventory management.

Electronic Invoicing: Establish the module on e-invoice in the e-procurement system to ensure the timely payment and also keep record of all the expenditure through public procurement to ensure the fiscal discipline in public procurement.

E-Proc-Indicator 9. Data from the e-procurement ecosystem facilitates decision-making.

Following recommendations are provided to address the substantive and minor gaps in the EPPS to improve the accessibility of the data, improve transparency and informed decision-making.

Substantive gaps:

Data disclosure as machine-readable open data: Procurement data should be available on open data format.

Use of Open Data for stakeholders: A comprehensive data analytics tool should be available in the e-Procurement system, and provide access to the tool to the stakeholders for analysis and measuring, monitoring and evaluating procurement performance.

Capacity building for Procurement data use and analysis: A comprehensive data analytics tool should be available in the e-Procurement system, and provide access to the tool to the stakeholders with appropriate level of licenses.

Data Visualization: A data analytics tools should be available in the e-procurement system with a visualization facility.



Publication in a Timely and Accurate Manner: e-procurement system should publish key procurement data in a timely manner and provides accurate information and enough coverage of the whole procurement system using Open Data Format.

Bulk Data Download: The system should provide facility to download the data from the e-procurement system with appropriate license to use the data.

E-Proc-Indicator 10. The private sector is fully engaged with the e-procurement ecosystem.

Debarment List: There should be a debarment list publicly available in the country and the e-procurement system should have that linked with the supplier database, which should be automatically flagged and shown to the Evaluation Committee, that would decide on the case-by-case basis whether to allow debarred bidders to participate in procurement proceedings.

Systemic constraints inhibiting private sector access to e-Procurement: The DPPP should come out with a capacity building program on data literacy to its users for a better decision making in public procurement. Additionally, there should be a clear legal provision for bidding in multiple currencies and provide clear and precise instructions for the foreign bidders on all aspects of facilitating the use of EPPS.

Pillar IV. Accountability, Integrity and Transparency of the Public Procurement System

E-Proc-Indicator 11. The e-procurement ecosystem ensures civil society engagement.

The recommendations provided are aimed at enhancing the e-procurement ecosystem and promoting engagement between the government and civil society organizations (CSOs).

Citizen using the opportunities available to provide comments and feedback: The users should be made aware about the feedback feature and encourage to provide the feature for the improvement in the procurements carried out in the EPPS.

Lack of Formal Government-Civil Society Dialogue: The DPPP could envisage the establishment of a Government-Public-Private Forum with the representation from the civil society and also private sector for their input and feedback to improve the e-procurement ecosystem. Successful examples of such forums can be found in Bangladesh and Ethiopia, where the forum members meet frequently and discuss different issues of e-procurement as well as other procurement related issues and provide constructive feedback to the government.

Civil society participation in e-procurement improvement in Montenegro could be enhanced by:

- **Establishment of a formal mechanism for CSO engagement:** The Montenegrin government should establish a formal mechanism (Government-Public-Private Forum) for CSO engagement in



e-procurement reform, providing CSOs with a structured and meaningful role in policy development, system implementation, and monitoring.

- **Capacity building and support for CSOs:** The government should provide resources and support to CSOs to enhance their capacity to effectively participate in e-procurement improvement initiatives.
- **Transparency and access to information:** The government should ensure transparency and provide CSOs with access to relevant information on e-procurement policies, procedures, and data.
- **Strengthening CSO partnerships:** The government should encourage and support partnerships between CSOs and government agencies fostering collaboration and knowledge sharing.

The main objective would be to help improve transparency and integrity of public procurement, encouraging citizens to be more engaged in the decision-making process, increasing accountability in public procurement and promoting constructive collaboration between civil society and public authorities, in particular at the local level.

E-Proc-Indicator 12. The e-procurement ecosystem enables effective treatment of risks, control and audit.

Absence of Ex-ante controls and algorithms: It is recommended to incorporate the ex-ante controls and red-flag algorithms to detect the risks and possible wrongdoings and maintains the integrity of the users involved in the procurement process.

Absence of Regular Ex-post Investigation and Risk Analysis: Regular ex-post investigations and risk analyses should be conducted using data from the EPPS. Currently, the system offers a pre-defined set of reports for monitoring procurement performance. Expanding these analyses to include post-procurement assessments would help identify and address issues and risks more effectively.

E-Proc-Indicator 13. The e-procurement ecosystem facilitates the review of complaints and appeals.

Remedies in e-Procurement System: There should be a dedicated section on the EPPS to allow convenient way of lodging complaints by the bidders. There should be an interface developed for the Commission of Appeal in the EPPS from where the commission can access the appeals submitted, and also publish the resolution on the EPPS in addition to the publication of the appeal resolution reports on the Appeal Commission's website.

Publication of Resolution in Open Data Format: The complaints and decisions of the appeals body should be published following open data standard in machine readable format.



5. Strategic Planning

Table 14. Summary of Recommendations

Recommendation /Actions required	Category	Priority level	Responsible entity
Develop an E-procurement Strategy	Strengthen	High	DPPP
Develop Business Continuity Plan and establish a continuity team	Strengthen	High	DPPP
Contract Management Module	New	High	DPPP
Debarment List	New	High	DPPP
Interoperability with Business Registrar	New	Medium	DPPP
Interoperability with Treasury	New	Medium	DPPP
e-Invoice and e-Payment	New	Medium	DPPP
Complaints and Appeals	Enhance	Medium	DPPP
Data Analytics with Open Data (like OCDS) with Red Flags	New	High	DPPP
Introduce SPP and GPP criteria at different stages and documents in implementation	New	Medium	DPPP
Public Forum for feedback	New	Medium	DPPP
Dedicated Helpdesk	Enhance	High	DPPP
e-Catalog	New	Medium	DPPP

Source: Assessment team.

6. Validation

This assessment was launched on November 1, 2022. The fact-finding meetings were conducted between January 23 and February 1, 2023. The annexes provide an overview of stakeholders that were interviewed during this mission, as well as a list of the most pertinent source documents consulted as part of the analysis.

Initial recommendations and findings were shared in November 21, 2023 with the DPPP.

A validation workshop gathering of procurement stakeholders was held on November 30, 2023. The organizations represented during the validation workshop included:

1. Directorate for Public Procurement Policy
2. Ministry of Finance
3. State Audit Institution
4. Administration for Inspection Affairs
5. Anti-Corruption Agency
6. Commission for the Protection of Rights in Public Procurement Procedures
7. Administration for Cadaster and State Property



8. Chamber of Commerce
9. Administration for Capital Projects
10. Ministry of Public Administration
11. Institute Alternativa (NGO)
12. Montenegrin Electric Distribution System – CEDIS
13. Ministry of Energy and Mining
14. Post Office of Montenegro
15. Investment and Development Fund
16. Secretariat of Prosecutor’s Council
17. EBRD
18. EIB

Stakeholders had the opportunity to share their comments during the workshop and in writing. Written comments were received from:

- DPPP
- Commission on Protection of Rights in Public Procurement
- State Supreme Institution (SAI)
- Administration for Inspection on Public Procurement

All comments were duly integrated in the report or addressed with a written response as specified in the minutes of the Validation Workshop.

The final version of the assessment was prepared in December 2023 and shared with the DPPP for endorsement before continuing with the quality review process. DPPP endorsed the revised version of the MAPS report on January 12, 2024.

The report was submitted for MAPS Secretariat endorsement on March 14, 2024 and comments to the report were provided in May 8, 2024. The assessment team has provided a revised report to MAPS Secretariat on August 4, 2024. The revised report was endorsed by ATAG and no objection to publish the report was granted on September 3, 2024.

Annexes/Appendices

Annex 1 - MAPS e-procurement Module Indicator Matrix



Indicator Matrix

Assessment of the Electronic Public Procurement system (EPPS)

VOLUME II

April 2024



MAPS

Methodology for Assessing
Procurement Systems

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Pillar I. Legal, Regulatory, and Policy Framework

Sub-indicator 1(a) Regulation of the use of e-Procurement

The legal and regulatory body of norms complies with the following conditions:

Assessment criterion 1(a)(a):

The legal and regulatory framework defines and enables the use of e-Procurement across the entire public procurement cycle for all procurement methods.

Conclusion: Minor gap

Red flag: No

Qualitative analysis

The current Montenegrin Law on Public Procurement provides an adequate legal framework for introducing e-procurement in practice. Section II articles 31 and 32 provide provisions on the communication between the contracting authority and economic operators for electronic means of communications. Articles 34 and 35 also clearly indicate the requirement for alternative options of access in case electronic means are not possible. The law also excludes a few services from electronic procurement, i.e., postal services, procurements on public communication, legal services, procurement services of the Central Bank, bank securities and loans and financial services, etc.

The implementation of e-procurement in Montenegro is in line with the EU acquis, and the DPPP has made several improvements to comply with the requirements for that.

Gap analysis

Direct procurement below 5.000 euro (increased to 8.000 euro since January 2023) are not being conducted through e-procurement system; CAs have an obligation to insert data on these procurements in e-procurement system for the sake of annual reporting, but not to conduct procurement through the system.

Recommendations

The government should automate the entire public procurement cycle for all procurement methods, including inserting data on direct procurements for annual reports as prescribed in the public procurement law to enhance consistency, accuracy, and integrity of the data and transactions.

Assessment criterion 1(a)(b):

The legal and regulatory framework mandates all procuring entities to use e-Procurement. *

Conclusion: No gap

Red flag: No

Qualitative analysis

Legal and regulatory framework mandates all procuring entities to use e-Procurement. Law on Public Procurement (Official Gazette of Montenegro, no. 74/19).

Pillar I. Legal, Regulatory, and Policy Framework

The Law specifies that the electronic means to be used for public procurement procedures shall be the e-Procurement System, which is a web-based platform that allows contracting authorities to publish tender notices, receive bids, and award contracts electronically.

The use of e-Procurement is mandatory for all public entities in Montenegro, regardless of their size or budget. The Law provides for a number of exceptions to the mandatory use of e-Procurement, such as for procurements that are:

- Of a very low value
- For security-sensitive goods or services
- For procurements that are subject to international agreements

The Law also provides for a number of sanctions for contracting authorities that fail to use e-Procurement in accordance with the law. These sanctions can include fines, suspension of the right to participate in public procurement procedures, and even criminal prosecution.

The use of e-Procurement is a key step in Montenegro's efforts to modernize its public procurement system and improve transparency and efficiency. The Law on Public Procurement has been praised by international organizations such as the World Bank and the European Commission for its progressive approach to e-Procurement.

Quantitative analysis

* Recommended quantitative indicators to substantiate assessment of sub-indicator 1(a) Assessment criterion (b):

- Percentage of procuring entities mandated to use e-Procurement compared to total number of procuring entities.

100% of procuring entities are mandated to use e-Procurement.

Source: Institution responsible for the e-Procurement ecosystem / Public procurement function

Gap analysis

No gaps.

Recommendations

None.

Assessment criterion 1(a)(c):

The legal and regulatory framework mandates the disclosure of comprehensive procurement information from the e-Procurement ecosystem in a way that is accessible through commonly used browsers.

Conclusion: Minor gap

Red flag: No

Pillar I. Legal, Regulatory, and Policy Framework

Qualitative analysis

The legal and regulatory framework mandates the disclosure of comprehensive procurement information from the e-Procurement ecosystem in a way that is accessible through commonly used browsers. Disclosure of comprehensive procurement information refers to tender announcement, tender documentation, report on selection of most advantageous bid, contract and contract implementation report, but not, for example, the bids, bidders' supporting documents such as bank guarantee, tax statements etc., as well as reports and statistics, which are only being produced for the purpose of DPPP annual reporting.

- 100% of procurement plans are published by CA. Also, procurement plans revisions are published.
- 100% of Bidding documents published
- 100% of invitation to bids published
- 100% of contracts have published contract monitoring tables with information on milestone and completion of contract. Details on payment are not captured in EPPS.
- Annual procurement statistics are part of the Annual procurement Report prepared by DPPP and are not shared in the EPPS.
- During 2021-2022 100% of the appeals decision are published within the timeframe of PPL.

Source: Centralized online portal.

Gap analysis

Evaluation Reports and contract implementation details are not published.

Recommendations

The EPPS should publish the evaluation reports and contract implementation details to enhance the transparency.

Assessment criterion 1(a)(d):

Model procurement documents for goods, works and services are aligned with the workflows and features of e-Procurement.

Conclusion: No gap

Red flag: No

Qualitative analysis

All model procurement documents for goods, works and services are aligned with the workflows and features of e-Procurement.

Gap analysis

No gaps.

Recommendations

None

Sub-indicator 1(b)

Elements necessary for e-Procurement

The legal and regulatory framework complies with the following conditions:

Assessment criterion 1(b)(a):

It clearly regulates the following elements in a way that enables their use in the e-Procurement ecosystem:

- electronic means of communication;
- electronic documents; and
- electronic means of authentication.

Pillar I. Legal, Regulatory, and Policy Framework

Conclusion: Substantive gap
Red flag: No
Qualitative analysis <p>Electronic means of communication Section II article 31 and 32 provides provisions on the communication between the contracting authority and economic operators for electronic means of communications. Articles 34 and 35 also clearly indicate the requirement of alternative options of access in case the electronic means is not possible.</p> <ul style="list-style-type: none">- electronic document and electronic means of authentication – article 45 of the public procurement law states, "Processing, exchange and publication of data in electronic form within the EPPS shall be conducted in accordance with the laws governing electronic government, electronic identification and electronic signature, electronic document, electronic trade and information security."
Gap analysis <p>The EPPS does not use a unitary authentication system. The system uses username and password to authenticate users and also uses digital certificates to identify and authenticate them.</p>
Recommendations <p>The system should use a unitary system of authentication for all the users to maintain system security, integrity, and enhance efficiency.</p>
Assessment criterion 1(b)(b): <p>It establishes that enrolment/registration and authentication on the digital platforms is open and accessible to all interested parties, including foreign bidders.</p>
Conclusion: No gap
Red flag: No
Qualitative analysis <p>It establishes that enrolment/registration is free and authentication on the digital platforms is open and accessible to all interested parties, including foreign bidders. However, not all bidders use digital certificates. Those who do not have digital certificates, they need to be physically present for the registration. Foreign companies need registration with the tax for the works contracts if they win the contract.</p>
Gap analysis <p>No gaps</p>
Recommendations <p>None.</p>
Assessment criterion 1(b)(c): <p>It establishes the scope and permitted use of personal data, whether automatically acquired or not.</p>
Conclusion: No gap
Red flag: No
Qualitative analysis <p>It establishes the scope and permitted use of personal data, whether automatically acquired or not. Article 46 of the procurement law state, "The state administration bodies and other bodies and organization in charge of</p>

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keeping public records or electronic registry shall enable access by electronic means of communication to relevant data in the records or registry for the purposes of EPPS, in accordance with the law governing e-government.” Additionally, Montenegro has a government data protection regulation in place. The main law is the Personal Data Protection Law (PDPL) enacted in 2008.

The PDPL covers, the processing of all personal data, whether collected automatically or not. It defines the scope and permitted use of personal data, requiring it to be processed for a lawful purpose with the data subject's prior consent, collected only to the extent necessary for that purpose, and kept accurate, up-to-date, and secure. It outlines the rights of individuals regarding their personal data, including the right to access, rectify, erase, and object to processing. The PDPL is undergoing revisions to align more with the EU's General Data Protection Regulation (GDPR).

Gap analysis

No gaps.

Recommendations

None

Indicator 2. E-Procurement follows a strategy that is aligned with broader government policies

Sub-indicator 2(a)

e-Procurement strategy

Assessment criterion 2(a)(a):

There is a national strategy or a roadmap for improving the functioning and uptake of the e-Procurement across the public sector and for engaging the private sector.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

National strategy for the e-Procurement is not developed, however, only a few issues are mentioned in the Public Procurement Policy and Public-private partnership strategy 2021-2025.

Gap analysis

There is no specific e-procurement strategy, but some issues in this regard are defined by the Public procurement and Public-private partnership Strategy. The official Strategy for Improving Public Procurement Policy and Public-Private Partnership 2021-2025 (the Strategy)¹ doesn't explicitly mention a separate e-procurement strategy within the document itself.

However, the Strategy does acknowledge the importance of digitalization and mentions initiatives that could be interpreted as laying the groundwork for a future e-procurement focus. These include emphasizing transparency throughout the procurement process, which e-procurement systems can facilitate.

¹ <https://ujn.gov.me/wp-content/uploads/2022/04/Strategy-for-Enhancing-PP-and-PPP-Policy-2021-2025.pdf>

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Recommendations

To address this gap, the government should prepare a comprehensive e-procurement strategy for the implementation of the e-procurement with executable action plans. The strategy should include, at a minimum, policies on e-procurement system adaptation in public entities and private businesses, e-procurement implementation policy, sustainability and governance policy, and communication and capacity building policy.

Assessment criterion 2(a)(b):

E-Procurement is explicitly considered as a factor in broader policies on digitisation of the public sector.

Conclusion: No gap

Red flag: No

Qualitative analysis

e-Procurement is one of the requirements to comply with the EU accession for Montenegro, so the government had initiated the implementation of the e-Procurement system in -line with the EU guidelines. It shows the government policy commitment towards e-Procurement. The e-Procurement is very much included in the broader digitization of the public sector in Montenegro, and it plays a crucial role in their compliance with EU accession requirements. The EU acquis, the body of laws that govern the European Union, includes regulations on public procurement that emphasize transparency, efficiency, and fair competition. These regulations require member states to have robust public procurement systems. The European Commission has identified weaknesses in Montenegro's public procurement system, particularly around transparency and efficiency. Implementing an e-procurement system directly addresses these concerns.

Gap analysis

No gaps

Recommendations

None

Sub-indicator 2(b)

e-Procurement support to government policies

The e-Procurement ecosystem enables capturing and reporting data related to the following policy areas:

Assessment criterion 2(b)(a):

Climate change mitigation and adaptation and environmental protection

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

Article 11 of the Public Procurement Law provisions for the contracting authorities to take necessary measures for environmental protection, social and labor law, and ensuring energy efficiency. However, the e-procurement system does not have any measures to capture data and report data related to climate change mitigation and adaptation and environmental protections.

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Gap analysis

e-Procurement system does not have any measures to capture data and report data related to climate change mitigation and adaptation and environmental protections.

Recommendations

The system should capture the climate change-related data at different stages of the procurement processes, so that it can provide reports on such data, for example, it can capture in the Annual Procurement Plan (APP), whether a procurement package contains any sustainable procurement-related criteria or not.

Assessment criterion 2(b)(b):

Fostering innovation

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

Article 15 of Public Procurement Law provides a procurement procedure named “Partnership for Innovation,” however, the e-Procurement system does not include the procurement procedure.

Gap analysis

The e-procurement system does not include the “Partnership for Innovation,” procurement procedure.

Recommendations

Procurement methods with provisions of innovations should be incorporated in the e-procurement.

Assessment criterion 2(b)(c):

Job creation

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

The e-procurement system does not provide any capabilities to capture job creation-related data.

Gap analysis

There are no special provisions and data-capturing tools in terms of job creation in the procurement contracts.

Recommendations

The bid forms and also in the contract, the job creation by the contracts should be possible to capture.

Assessment criterion 2(b)(d):

Social inclusion (such as diversity, gender equality, worker and minority protection, etc.)

Conclusion: Substantive gap

Red flag: No

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Qualitative analysis

Article 11 of the Public Procurement Law provides provision for Principles of environmental protection, social and labor law and ensuring energy efficiency. However, the e-procurement system does not explicitly have any functions and features to capture the provisions of social inclusion.

Gap analysis

The e-Procurement system does not have any functions and features explicitly to capture the provisions of social inclusion.

Recommendations

The e-procurement system should have functions and features to capture the provisions of social inclusion at different stages of the procurement process. The system should capture data on SMEs, gender, and minority participation in public procurement to better support the economy encouraging participation of all social groups.

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Indicator 3. The e-Procurement ecosystem has a well-established and operational governance and management structure

Sub-indicator 3(a)

Status and legal and regulatory basis of the institution responsible for the e-Procurement ecosystem

Assessment criterion 3(a)(a):

The legal and regulatory framework clearly assigns one or several government institution(s) the responsibility for regulating and setting the standards for the operation, implementation, and continuous improvement of the e-Procurement ecosystem.

Conclusion: No gap

Red flag: No

Qualitative analysis

The legal and regulatory framework clearly assigns Ministry of Finance – Directorate for public procurement policy (DPPP) the responsibility for regulating and setting the standards for the operation, implementation, and continuous improvement of the e-procurement ecosystem.

Gap analysis

No gaps.

Recommendations

None

Sub-indicator 3(b)

Coordination between the institution responsible for the e-Procurement ecosystem and other relevant government entities

There is evidence of efficient coordination mechanisms between the institution responsible for the e-Procurement ecosystem and the following institutions:

Assessment criterion 3(b)(a):

The public procurement normative/regulatory body.

Conclusion: No gap

Red flag: No

Qualitative analysis

The public procurement normative/regulatory bodies are sent under the Ministry of Finance. Normative/regulatory bodies in Montenegro are:

- The Directorate of Public Procurement Policy - The Public Procurement Directorate began operations in 2007. The overall objective of the action is to improve the public procurement system in Montenegro. The DPPP specifically focus on developing a modern e-procurement system.
- The Ministry of Finance (MoF) - Conducting public procurement related interventions jointly with the Public Procurement Directorate and the State Commission for Control of Public Procurement Procedures. The MoF has the central competence for public procurement in Montenegro.

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- The State Commission for Control of Public Procurement Procedures - The State Commission for the Control of Public Procurement Procedures of Montenegro was established in 2011. The commission decides on appeals filed against contracting authority decisions on the award of a contract. The commission takes decisions in the form of written orders and conclusions made at its meetings.
- The State Audit Institution - The State Audit Institution (SAI) in Montenegro is an independent organization that verifies the government's financial statements. The SAI verifies the financial statements of the entire government, including state-owned enterprises.
- Anti-corruption authorities - The Montenegro Anti-Corruption Agency is responsible for implementing measures to prevent conflicts of interest between the public and private sectors. The Agency also collects and checks reports on the assets and income of public officials, and protects whistleblowers. The Montenegrin public procurement system is prone to corruption, especially in large-scale projects and contracts.
- NGOs monitoring public procurement

Gap analysis

No gaps

Recommendations

None

Assessment criterion 3(b)(b):

Procuring entities including centralised procurement bodies, if any.

Conclusion: No gap

Red flag: No

Qualitative analysis

Procuring entities are obligated to follow the public procurement law and regulations and follow the provisions in the e-procurement System. Public procurement in Montenegro is overseen by the Public Procurement Directorate, the Ministry of Finance, and the State Commission for Control of Public Procurement Procedures. The Ministry of Finance has the central competence for public procurement.

Gap analysis

No gaps

Recommendations

None

Assessment criterion 3(b)(c):

Budgetary and treasury authorities.

Conclusion: Minor gap

Red flag: No

Qualitative analysis

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The Ministry of Finance is responsible for managing public finances, the budget for all the procurements, and public debt in Montenegro. The Parliament of Montenegro adopts the budget and the final budget statement.

The Ministry of Finance provides budget for all the public entities and also keep track of the expenditures. The EPPS does not have any interface with the Treasury system at the moment to access, verify and validate the committed budget for the procurement.

Gap analysis

Despite the DPPP being under the Ministry of Finance, the EPPS still does not interface with the budgetary and treasury system (IFMIS). So, the EPPS cannot verify and validate the committed budget for the procurement packages. The disconnect with the Treasury system poses many challenges in the fiscal discipline in public procurement.

It requires active cooperation with the Ministry of Finance and EPPS interface with the Treasury system.

Recommendations

The DPPP should establish robust coordination mechanisms to ensure an effective interface for data exchange with the budgetary and treasury system (IFMIS).

The EPPS should ensure that budget for Annual Procurement Plans (APP) are committed in the Treasury system, i.e., IFMIS. All procurements should be initiated only after the APP is endorsed, facilitating streamlining fiscal discipline and encouraging planned and informed procurements. The e-Contract Management and Monitoring module should also be linked with the treasury system to track and ensure contract quality, time, and costs based on the contractual terms and conditions.

Assessment criterion 3(b)(d):

Monitoring and Audit authorities

Conclusion: No gap

Red flag: No

Qualitative analysis

DPPP is also in charge of monitoring. On the audit processes, the Montenegro State Audit Institution (SAI) is an independent audit institution that verifies the government's financial statements. The SAI also performs financial audits of local self-government units and compliance audits. The SAI's audits are publicly available on its website.

The Law on Auditing No. 001 of 2017 requires all mandatory audits to be conducted in accordance with ISA. The Ministry of Finance and the Institute of Certified Accountants of Montenegro responsible for adopting and publishing these audits, so their coordination is crucial.

Gap analysis

No gaps

Recommendations

None

Assessment criterion 3(b)(e):

The appeals body.

Conclusion: No gap

Red flag: No

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Qualitative analysis

The State Commission for the Protection of Rights in Public Procurements (Državna komisija za kontrolu postupaka javnih nabavki) is the body that decides on appeals filed against contracting authority decisions on the award of a contract. The Administrative Court oversees cases involving public procurement procedures. Appeals mechanism for simplified procurement is not in place as these are exempted from the application of the PPL.

Gap analysis

No gaps.

Recommendations

None

Assessment criterion 3(b)(f):

Digital strategy or e-government authorities.

Conclusion: No gap

Red flag: No

Qualitative analysis

The e-Government Authority is in good coordination with the DPPP and the digital strategy of Montenegro includes the principles required for e-Procurement system implementation. This means that organizations have coordination in terms of digital strategy which encompasses the principle strategy for the EPPS.

Gap analysis

No gaps

Recommendations

None

Sub-indicator 3(c)

Capacity of the institution responsible for the e-Procurement ecosystem

Assessment criterion 3(c)(a):

The institution responsible for the e-Procurement ecosystem has the necessary funding to fulfil its objectives.

Conclusion: Substantive gap

Red flag: Yes

Qualitative analysis

The e-procurement system establishment was funded by the EU, and since that funding ended, the MoF is now funding the maintenance of the system from the state budget, which ensures the funding requirements for the e-procurement ecosystems. However, there is no long-term strategy established on how to secure the funding in a long run and currently the system is available for all users free of charge, which raises the issue of sustainability.

Gap analysis

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There is no strategy established on how to secure the funding in a long run and currently the system is available for all users free of charge, which raises the issue of sustainability.

Recommendations

Ensure budget resource from the government and donors fund.

Assessment criterion 3(c)(b):

The institution responsible for the e-Procurement ecosystem is well-staffed to fulfil its objectives.

Conclusion: Substantive gap

Red flag: Yes

Qualitative analysis:

Lack of staffing with required technical skills in the DPPP is one of the crucial challenges for the successful implementation of the EPPS. Administrative officers are currently handling the support and hand holding to the e-Procurement Users. Maintenance and operations are supported by the EPPS software vendor.

Gap analysis

DPPP is understaffed. There is no IT experts on DPPP, and fully relies on the software vendor, which also provides maintenance and operations services in addition to developing the EPPS system. There is also no dedicated helpdesk.

Recommendations

A strong in-house IT team should be there for the sustainability of the e-Procurement system, and a dedicated Helpdesk should be operational to support the existing users as well as new users when the system will be rolled out across all the public entities.

Assessment criterion 3(c)(c):

The staff of the institution responsible for the e-Procurement ecosystem is required to undergo regular trainings to update their knowledge and skills.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

DPPP does not have any policy on training requirements for its staff responsible for the e-procurement. In the Law on civil servants, there is very general obligation for all state employees to professionalize, but it is not being systemically implemented. However, the staffs take trainings in an ad hoc basis when opportunities arise.

Gap analysis

DPPP does not have any policy on training requirements for its staff responsible for the e-procurement. Also, the DPPP does not have overall capacity building strategy and program for its staff as well as e-Procurement system users.

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Recommendations

It is recommended to have a mandatory training requirement for the new recruitments and refresher trainings on the operational (functions and features and their proper use, security, communication, e-Procurement challenges) as well as technical areas in a regular basis for all the staff in e-Procurement operation and support for the efficient implementation of the EPPS.

Indicator 4. The e-Procurement ecosystem relies on an adequate business model

Sub-indicator 4(a)

Operating business model and implementation type of the e-Procurement platform

The e-Procurement ecosystem has a clear business model to operate where the following components function and interact properly, are well documented, and were chosen based on evidence and needs:

Assessment criterion 4(a)(a):

Platforms and data ownership

Conclusion: Minor gap

Red flag: No

Qualitative analysis

DPPP owns the source code of the e-procurement system, but the system is being maintained by an external company. DPPP expressed that the data protection and confidentiality are not an issue so far.

Gap analysis

The EPPS does not have any documented operating business model of its platform and written policy on the e-procurement data ownership.

The EPPS Platform:

The EPPS is hosted at the data center of the Ministry of Public Affairs, which also hosts most of other government websites and web-based systems. It was noted that there is a lack of technical control from the side of the DPPP in terms of the access to the data and sensitive functions of the e-procurement system.

Data Ownership

EPPS expressed that the data of the EPPS is owned by the DPPP. However, there is no documented policy on data ownership. The data is encrypted using TLS 1.2 for its protection. The system is protected by the firewalls and audited regularly by an external company to protect from cyberattacks and other security risks. The EPPS does not provide any "Terms of Use", which should generally provide the system disclaimers, users' responsibilities and obligations, data ownership, confidentiality, system availability, issues related to virus explained and to be agreed by the users of the EPPS.

Recommendations

DPPP should have a documented policy on business model on the EPPS implementation, and policy on data ownership including a clear mandate on authority for the DPPP to collect data, manage it, use, own and a full control of the EPPS data. Additionally, there should be a comprehensive Service Level Agreement (SLA) with the external company to protect the data breach and misuse of the e-

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Procurement System, as well as the Quality of Service (QoS) to be delivered to the users of the e-Procurement system.

Assessment criterion 4(a)(b):

Implementation type of the e-Procurement platform(s) and well-documented strategies to ensure future development and minimise vendor lock-in

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

DPPP has outsourced the development, implementation, maintenance and support activities to the software vendor. DPP is largely reliant on the outsourced vendor for all EPPS related activities, including data access and report generation from the system. However, the source of the system is owned by the DPPP, which minimizes the vendor lock-in.

Gap analysis

There is no written strategies, but the fact that DPPP owns source code. The system is hosted at the Servers in the Ministry of Public Affairs (national data center). The operation and maintenance of the system is fully outsourced to an external company. The DPPP does not have a business-continuity team on standby to avoid vendor-lock situations and to ensure the effective execution of its objectives. This gap is flagged as a red flag because the DPPP is understaffed and does not have any IT experts and fully relies on an outsourcing company in all IT tasks, including operation, database management and system management. However, there exists a service-level agreement- and a lumpsum contract between the DPPP and the vendor for fixing bugs, maintaining the system on an everyday basis and enhancing the system.

Recommendations

DPPP should strengthen its technical capability to operate, manage and control the EPPS. It should establish a dedicated business continuity team to ensure smooth operation of the EPPS and avoid vendor lock-in.

Assessment criterion 4(a)(c):

The way in which the e-Procurement ecosystem may adapt to changes in legislation/regulation, market practices and technological developments

Conclusion: No gap

Red flag: No

Qualitative analysis.

The EPPS is developed using open architecture and provides flexibility to configure the functions and processes. There is an agreement with the software vendor for the software updates and development when such requirements arises and adapt the system based on the changes in legislation and regulations.

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Gap analysis No gaps
Recommendations None
Sub-indicator 4(b) Funding for the e-Procurement ecosystem The following functions are clearly assigned to one or several agencies without creating gaps or overlaps in responsibility:
Assessment criterion 4(b)(a): The e-Procurement ecosystem has sustainable funding to operate.
Conclusion: Substantive gap
Red flag: Yes
Qualitative analysis Currently, the EPPS operation is funded through the government budget and the responsibility for funding lies with the government. Using the EPPS is free of cost for all the users.
Gap analysis The funding to operate e-procurement is not sufficient and external funding is required.
Recommendations The EPPS should have a Sustainability Framework developed to ensure the sustainable for the smooth operation, support, maintenance and enhancement of the EPPS with adequate technical resources in the DPPP.
Assessment criterion 4(b)(b): If fees for financing the e-Procurement ecosystem are charged to users, these must be reasonable, transparent, payable in the e-Procurement platform(s), and not be an impediment for using e-Procurement, nor any of its related services such as helpdesks. *
Conclusion: No gap
Red flag: No
Qualitative analysis The e-procurement system is free of charge.
Quantitative analysis * <i>Quantitative indicators to substantiate assessment of sub-indicator 4(b) Assessment criterion (b):</i> - <i>fee type and amount charged and the basis for charging (periodic or subscription-based payment or transaction-based payment)</i> No fees applicable. <i>Source: Institution responsible for the e-Procurement ecosystem and publicly available information.</i>

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** Recommended quantitative indicators to substantiate assessment of sub-indicator 4(b) Assessment criterion (b):*

- % of users who find that fees constitute an impediment for using e-Procurement
No fees applicable.

Source: Survey.

Gap analysis

No gaps.

Recommendations

None

Indicator 5. The e-Procurement ecosystem has a strong capacity to develop and improve

Sub-indicator 5(a)

Capacity development for e-Procurement

The following elements are present in the e-Procurement ecosystem:

Assessment criterion 5(a)(a):

Substantive permanent training programmes of suitable quality and content for the needs of all the users and stakeholders (including private sector entities) of the e-Procurement systems. *

Conclusion: No gap

Red flag: No

Qualitative analysis:

There are trainings organized by DPPP and Administration for human resources on e-procurement system functioning, for all users, including both bidders and CAs.

Quantitative analysis

** Quantitative indicators to substantiate assessment of sub-indicator 5(a) Assessment criterion (a):*

- % of procurement staff trained to use the e-Procurement systems over the total number of procurement staff.

By the end of 2022 in total there were 675 Contracting Authorities registered in the EPPS and 811 public procurement officers have participated in the training and passed the exam.

- % of suppliers trained to use the e-Procurement systems over the total number of registered suppliers.

There are 3,495 suppliers as of 8 November 2023 registered in the e-procurement system, out of which 2,011 passed the training organized by the DPPP.

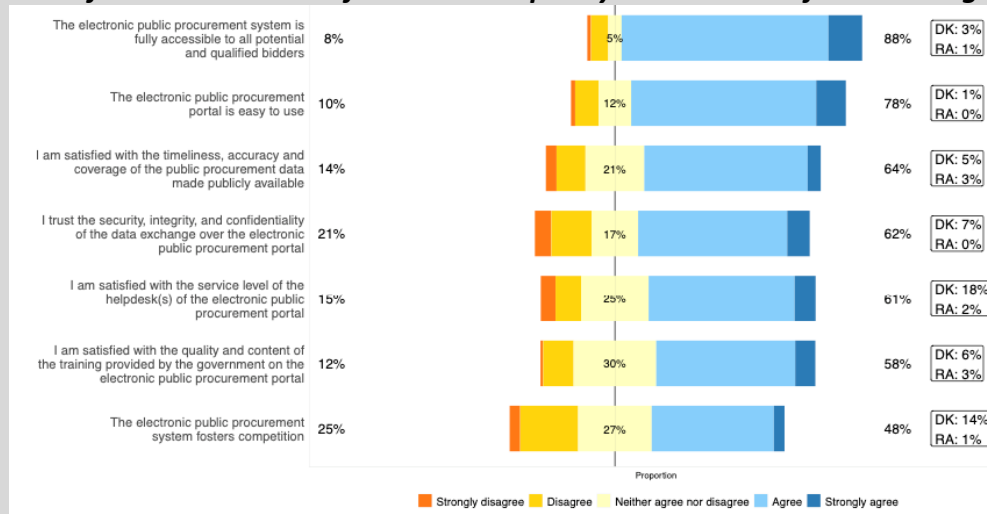
- % of auditors trained to use the e-Procurement systems over the total number of auditors.
The number of trained auditors is 20, which represents 100 percent of all auditors involved in public procurement procedures.

Source: Institution responsible for the e-Procurement ecosystem.

** Recommended quantitative indicators to substantiate assessment of sub-indicator 5(a) Assessment criterion (a):*

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- % of users who are satisfied with the quality and content of the training on e-Procurement.
58% of the users are satisfied with the quality and content of the training on e-Procurement.



Source: Survey.

Gap

No gaps

analysis

Recommendations

None

Assessment criterion 5(a)(b):

Routine evaluation and periodic adjustment of training programs on the e-Procurement systems based on feedback and need.

Conclusion: No gap

Red flag: No

Qualitative analysis

DPPP performs routine evaluation through survey and consultations, and adjustments are made in the training content and quality on the e-Procurement systems based on feedback and need.

Gap analysis

No gaps

Recommendations

None

Sub-indicator 5(b)

Advice and assistance

Assessment criterion 5(b)(a):

The e-Procurement ecosystem has multi-channel helpdesk(s) available for all users at least during usual working hours

Conclusion: Substantive gap

Red flag: No

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Qualitative analysis

Support to the users are available from DPPP administrative staff during working hours. Supports are provided through phone and email communications.

Gap analysis

There is no formal help desk, only unofficial support of DPPP during working hours are available. Supports are provided through phone and email communications.

Recommendations

A multichannel (i.e. email, phone, SMS, FAQ, remote handholding support through technology tools) dedicated helpdesk should be established to support the users of the e-Procurement system.

Assessment criterion 5(b)(b):

Quality of Services agreements are established, tracked, and monitored to guarantee for an optimal operation of the helpdesk(s). *

Conclusion: Substantive gap

Red flag: No

Qualitative analysis:

There is no help desk established.

Quantitative analysis

** Quantitative indicators to substantiate assessment of sub-indicator 5(b) Assessment criterion (b):*
- % of requests answered or issues resolved during the last calendar year.

No data available.

- % of requests resolved on time according to the agreed Quality of Services agreements

No data available.

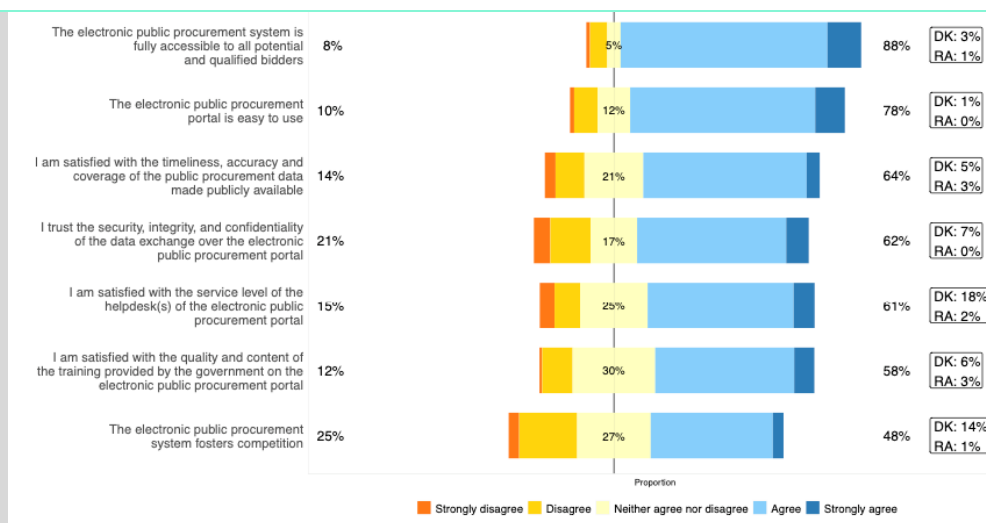
Source: Institution responsible for the e-Procurement ecosystem.

** Recommended quantitative indicators to substantiate assessment of sub-indicator 5(b) Assessment criterion (b):*

% of users who are satisfied with the service level of the e-Procurement's helpdesk(s).

Survey results show that 61 percent of users are satisfied with the service level of the e-procurement's helpdesk.

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Source: Survey.

Gap analysis

A dedicated helpdesk is not established. So, Quality of Services agreements are not established, cannot be tracked, and monitored to guarantee for an optimal operation of the helpdesk(s).

Recommendations

A dedicated helpdesk should be established to support the users of the e-Procurement system and ensure the quality of Services of the Helpdesk by tracking and monitoring its performance and operations.

Assessment criterion 5(b)(c):

The helpdesk staff is trained on regular basis and relies on up-to-date scripts to answer questions and provide support.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

Help desk is not established.

Gap analysis

Help desk is not established and also planned training for the staff is not available.

Recommendations

A dedicated helpdesk should be established with adequate training to the staff on public procurement, EPPS operations and trouble-shooting, and communication skills, provide up-to-date scripts to answer questions and provide effective support to the users of the e-Procurement system.

Assessment criterion 5(b)(d):

Users can rely on readily available and up-to-date information to use the e-Procurement ecosystem in an optimal manner, whether from manuals, online training material, frequently asked questions, or other similar sources.

Conclusion: Minor gap

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Red flag: No
Qualitative analysis Online manuals, guidelines, and rulebooks on EPPS are available and accessible to its users.
Gap analysis Online manuals, guidelines, and rulebooks on EPPS are available and accessible to its user, but no frequently asked questions (FAQs) document. DPPP has plans to develop the FAQs.
Recommendations The portal and its information should be available and updated in a regular basis.
Sub-indicator 5(c)
Performance monitoring
Assessment criterion 5(c)(a): The performance of the e-Procurement ecosystem is measured and serves to its continuous improvement.
Conclusion: Substantive gap
Red flag: No
Qualitative analysis The performance was measured only once so far through a specific project implemented by the Government's Competitiveness Council, but there is no systemic performance evaluation established.
Gap analysis There is no systemic performance evaluation established.
Recommendations The system should have in-built performance indicator to review and improve the performance of the e-Procurement system.
Assessment criterion 5(c)(b): User feedback is considered and used to improve the e-Procurement ecosystem.
Conclusion: No gap
Red flag: No
Qualitative analysis DPPP takes into account users experience for improving the system. DPPP regularly collects the feedback from the EPPS users through online poll and surveys, and based on the feedback, the system is enhanced.
Gap analysis No gaps
Recommendations None

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Assessment criterion 5(c)(c): e-Procurement is increasingly adopted for all public procurement*.
Conclusion: No gap
Red flag: No
Qualitative analysis All CAs are mandated to implement all procurement through e-procurement system, except simple procurement below 5.000 euro (threshold increased to 8.000 since January 1, 2023).
Quantitative analysis <i>* Quantitative indicators to substantiate assessment of sub-indicator 5(c) Assessment criterion (c):</i> - Percentage of procuring entities using e-Procurement compared to total number of procuring entities mandated to use e-Procurement. By March 2023, 675 Contracting authorities were registered in the system. - % of procurements carried out through e-Procurement out of the total number of procurements done in the last year. 12,523 bidding processes at the national level were carried out through the EPPS. - % of value of procurement carried out through e-Procurement out of the total value of procurement spend in the last year. 87.5% of total procurement value have been procured through EPPS. Value of procurement in the EPPS in 2022 was 443,837,960 Euro while the simple procurement below 5,000 Euro was 63,117,015 Euro. <i>Source: Institution responsible for the e-Procurement ecosystem</i>
Gap analysis No gaps
Recommendations None

Pillar III. Procurement Operations and Market Practices

Indicator 6. The e-Procurement ecosystem enables the achievement of the country's procurement objectives

Sub-indicator 6(a) Planning in the e-Procurement ecosystem The e-Procurement ecosystem supports the following elements and procuring entities use them:
Assessment criterion 6(a)(a): The creation of annual or multi-annual procurement plans. *
Conclusion: No gap
Red flag: No
Qualitative analysis The system allows annual procurement planning, in accordance to the Law. There is no multi annual procurement planning in Montenegro. APP uses CPV for the classification of goods, works and services. Simplified procurements are not required to be included in the APP. For the fiscal discipline and also to ensure the transparency, predictability and the preparedness of the bidders, all procurements should be included in the APP.
Quantitative analysis <i>* Quantitative indicators to substantiate assessment of sub-indicator 6(a) Assessment criterion (a):</i> - % of procuring entities that created their annual or multi-annual procurement plans through the e-Procurement platform(s) 100% of registered procuring entities published their annual procurement plans in the e-Procurement system. <i>Source: Institution responsible for the e-Procurement ecosystem.</i>
Gap analysis None.
Recommendations None
Assessment criterion 6(a)(b): The planning of individual procurements and linking to corresponding budget information. *
Conclusion: Substantive gap
Red flag: No
Qualitative analysis Budget for the procurements are manually entered in the procurement plan.
Quantitative analysis <i>* Quantitative indicators to substantiate assessment of sub-indicator 6(a) Assessment criterion (b):</i>

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- % of procurements for which the planning stage was carried out on the e-Procurement platform(s)
100% of the procurement plans are published by the registered Contracting entities, but the plans are prepared outside the EPPS.

Source: Institution responsible for the e-Procurement ecosystem.

Gap analysis

E-procurement system is not interoperable with the budget/treasury, there is only the link with the budget position added manually in procurement plan.

Recommendations

The system should be linked with the budget system in the Ministry of Finance to ensure the fund is committed for the procurements. CPV codes is not linked/mapped with the Budget Code.

Sub-indicator 6(b)

Selection and contracting in the e-Procurement ecosystem

The e-Procurement ecosystem supports the following elements and procuring entities use them:

Assessment criterion 6(b)(a):

The use of all procurement methods and types of contracts that the legal/regulatory framework establishes should be carried out through e-Procurement.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

Most of the procurement methods are conducted through the EPPS. However, simple procurements, procurement method for innovations are not supported by the EPPS.

Gap analysis

Simple procurements, e-Catalogs, dynamic purchasing, and procurement method for innovations are not supported by the EPPS.

Recommendations

The EPPS should provide facility to carry out all procurement methods and types of contracts as established by the legal and regulatory framework.

Assessment criterion 6(b)(b):

The use of model procurement documents or templates for standard contract clauses to facilitate the creation of procurement processes.

Conclusion: Minor gap

Red flag: No

Qualitative analysis

The e-procurement system enables use of standard procurement forms/templates, but there is no standard contract clause. There is inconsistency among the public entities in preparing contracts.

Gap analysis

The e-procurement system enables use of standard procurement forms/templates, but there is no standard contract clause. There is inconsistency among the public entities in preparing contracts.

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Recommendations The e-Procurement should provide standard template for the contract to be used by all the public entities.
Assessment criterion 6(b)(c): The linkage of procurement processes with planned procurements disclosed in their annual or multiannual procurement plan. *
Conclusion: No gap
Red flag: No
Qualitative analyst There is a reference number of procurements from the plan stated in the procurement call and other relevant documents. The linkage is enabled by the e-procurement system For example, if the CA wants to conclude contract for larger amount than stated in the plan, the system does not allow it.
Gap analysis No gaps
Recommendations None
Assessment criterion 6(b)(d): The management of procurement processes, from drafts to definitive tender documents.
Conclusion: No gap
Red flag: No
Qualitative analysis The system provides the step by step navigation in preparing tender documents for the contracting authorities. The system follows the workflow from draft to the finalization and publication of the invitation to tenders.
Gap analysis No gaps
Recommendations None
Assessment criterion 6(b)(e): The handling and logging of all communication, including questions, requests for clarifications from interested parties as well as answers from procuring entities.
Conclusion: No gap
Red flag: No
Qualitative analysis There is a communication tab in the system which allows communication, including questions, requests for clarifications from interested parties as well as answers from procuring entities.

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Gap analysis No gaps
Recommendations None
Assessment criterion 6(b)(f): The establishment of requirements to define the qualification of interested bidders, as well as the award criteria to be used for evaluation.
Conclusion: No gap
Red flag: No
Qualitative analysis The system allows to include the evaluation criteria in the system.
Gap analysis No gaps
Recommendations None
Assessment criterion 6(b)(g): The submission of bids.
Conclusion: No gap
Red flag: No
Qualitative analysis Bidder can submit bids individually or in the form of a joint venture or subcontracting. European Single Procurement Document (SPD), a standardized self-declaration form, which is used in public procurement procedures across the EU, should be uploaded by the bidders along with their bids. Bids cannot be above the estimated value. Bidders' identity is kept anonymous in the EPPS.
Gap analysis No gaps
Recommendations None
Assessment criterion 6(b)(h): The evaluation and awarding of contracts.
Conclusion: No gap
Red flag: No
Qualitative analysis The Evaluation is carried out offline. The evaluation committee is formed with a minimum of 3 people (odd number). It is ensured that One Evaluation committee member will be from the business domain. Evaluators can give a Note of decent, if any.

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The evaluation committee also checks the criteria for participation. The president prepares a bid evaluation report. The report is generated in MS Word. The report provides evaluation from each evaluation and a comparison table.

Decision of Award

The decision of the Award is prepared offline and uploaded to the EPPS, and made publicly available. After the decision of award is published, there will be ten days of standstill period, during which bidders can appeal. The appeal should be done through the CA. It is resolved at the CA level at first. Ten days of standstill period starts from the day of the publication of the contract award notification (equivalent to Intent to contract award).

Gap analysis

No gaps

Recommendations

None

Sub-indicator 6(c)

Contract management in the e-Procurement ecosystem

The e-Procurement ecosystem supports the following elements and procuring entities use them:

Assessment criterion 6(c)(a):

The generation of electronic contracts based on the selection and contracting data available. *

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

The system captures data needed for the contract, including financial offer, technical specification etc., but not the general clauses of the contract. The system does generate electronic contracts.

Quantitative analysis

** Quantitative indicators to substantiate assessment of sub-indicator 6(c) Assessment criterion (a):*

- % of the value of contracts generated in the e-Procurement ecosystem over the total value of contracts of the last calendar year.

Refer to the table below.

- % of the number of contracts generated in the e-Procurement ecosystem over the total number of contracts of the last calendar year.

Refer to the table below.

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Publication dates of tenders: From 02/Feb/2021 to 14/Mar/2023
Contracts signed: From 24/Jan/2021 to 04/Apr/2023

	2021	2022	2023
# of tenders	5,034	6,488	1,001
Estimated procurement Value (EUR)	435,343,271	650,817,678	149,428,681
# of contracts signed	4,599	6,879	846
Procurement Value (EUR)	164,248,424	430,431,992	59,864,609
# of exclusions (small procurement)	130,636	155,370	5,227
Procurement Value (EUR)	62,012,866	69,399,983	2,749,535

Source: Institution responsible for the e-Procurement ecosystem

Gap analysis

General clauses of the contract also should be included in the generated electronic contract. Currently, it is separately attached, by each of the CAs, and inconsistent across the CAs.

Recommendations

The contract generated by the EPPS should include all documents and information as part of the contract including final financial offer, technical specifications, general terms of contracts and others.

Assessment criterion 6(c)(b):

The management of amendments, extensions, and contract follow-up and oversight, as well as information including overruns and reasons for delays and terminations. *

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

The EPPS does not have contract management module, so the EPPS does not facilitate the contract amendments, extensions, and follow-up and oversights.

Quantitative analysis

* Quantitative indicators to substantiate assessment of sub-indicator 6(c) Assessment criterion (b):

- % of the value of contracts managed in the e-Procurement ecosystem over the total value of contracts of the last calendar year.

Contract Management is not carried out in the EPPS.

- % of the value of amended or extended contracts that were modified in the e-Procurement ecosystem over the total value of amended or extended contracts of the last calendar year.

Contract Management is not carried out in the EPPS.

Source: Institution responsible for the e-Procurement ecosystem

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Gap analysis

The EPPS does not have contract management module, so the EPPS does not facilitate the contract amendments, extensions, and follow-up and oversights.

Recommendations

The EPPS should have a comprehensive contract management and performance monitoring module, which will facilitate to management the contract amendments, extensions, performance monitoring and follow-ups, and oversight of the contract executions.

Indicator 7. The e-Procurement ecosystem's technical characteristics render it effective and secure

Sub-indicator 7(a)

Architecture of the e-Procurement ecosystem

There are standards in place and practical evidence that demonstrate the following:

Assessment criterion 7(a)(a):

The architecture of the e-Procurement platform(s) facilitates interoperability with other relevant platforms including those used for budget, treasury/payment, tax, business registers, invoicing, and bid securities.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

The system does not operate with any of the listed, only with the Ministry of Justice. The Montenegrin Public Procurement Portal operates independently of other government systems, such as the central register of companies, the tax administration system, and banks. This lack of integration may lead to duplication of data and additional administrative burdens. The system is interfaced only with the Ministry of Justice system for mandatory conditions on convictions (the only one that works, but no luck with tax administration for second mandatory conditions to participate in procurement procedure). The interface with the Tax administration was tested, but it is not working at the live system. The system has been interfaced with the Ministry of Interior, Central Registry of Companies CRPS, but it is not utilized yet.

Gap analysis

The system does not operate with any of the listed budget, treasury, tax, business registrar, invoicing government services and also does not interface with banks for bid securities. Currently the system interfaces only with the Ministry of Justice. This lack of integration leads to manual data entry and reconciliation, which is time-consuming and error prone.

Recommendations

The interfaces and interoperability with the supporting government services should be brought in use to facilitate the efficiency and consistency of data, particularly with the central register of companies, tax, budget/treasury registries, and banks. The recommendation is also in-line with the EU recommendation to improve interoperability with state administration registers.

Assessment criterion 7(a)(b):

The e-Procurement platform(s) capture data in an automated way that enables business intelligence analytics.

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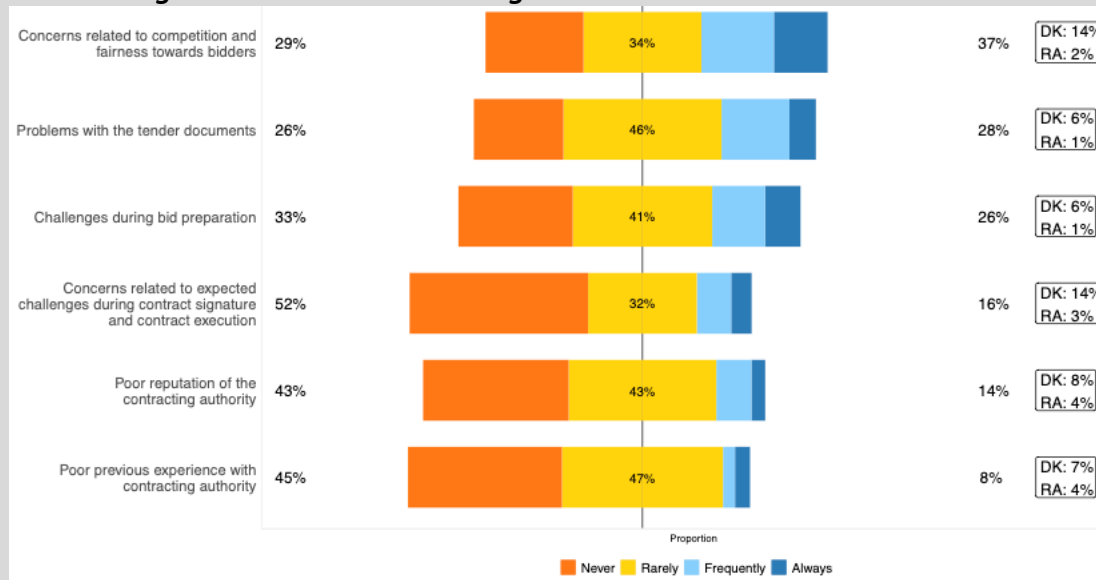
Conclusion: Substantive gap
Red flag: No
Qualitative analysis The system does not capture data automatically for business intelligence and the system also does not provide data analytics tools.
Gap analysis The system does not capture data automatically for business intelligence and the system also does not provide data analytics tools.
Recommendations The system should be incorporated with the business intelligence and make available data analytics tools for facilitating informed decision making.
Sub-indicator 7(b) Infrastructure of the e-Procurement ecosystem There are standards in place and practical evidence that demonstrate the following:
Assessment criterion 7(b)(a): The e-Procurement ecosystem has a reliable infrastructure. *
Conclusion: Substantive gap
Red flag: Yes
Qualitative analysis e-Procurement system is hosted in the Ministry of Public Affairs (national data center). Reliability of the infrastructure is challenged, because there is no disaster recovery site. There were hacking of the web portals reported last year, but the e-Procurement system was not affected. However, the e-procurement system uses TLS 1.2. Transport Layer Security (TLS) 1.2 is a protocol that encrypts and authenticates data when it's transferred over a network.
Quantitative analysis <i>* Recommended quantitative indicators to substantiate assessment of sub-indicator 7(b) Assessment criterion (a):</i> <ul style="list-style-type: none"> - Share of time that the system was unavailable during the past calendar year - Frequency of backups (Recovery Point Objective or RPO) - Time needed to recover from an incident (Recovery Time Objective or RTO) The system was not down during the past calendar year. Full backups are taken every Sunday, and incremental backups are taken every day (RPO). Time to recover from an incident is 24 hrs. <i>Source: Institution responsible for the e-Procurement ecosystem</i>

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** Recommended quantitative indicators to substantiate assessment of sub-indicator 7(b) Assessment criterion (a):*

- % of suppliers that express that they were unable to bid due to technological issues within the e-Procurement ecosystem

26% of bidders expressed they had challenges during bid preparation process, but it was not clear if the challenge was related to technological issue.



Source: Survey

Gap analysis

Reliability of the infrastructure is challenged, because there is no disaster recovery site. There were hacking of the web portals reported last year, but the e-Procurement system was not affected.

Recommendations

There should be a disaster recovery center to ensure the reliability of the infrastructure, and also adequate level of redundancy of hardware and network equipment for failover arrangements.

Assessment criterion 7(b)(b):

The e-Procurement ecosystem's telecommunications and connectivity are reliable.

Conclusion: No gap

Red flag: No

Qualitative analysis The EPPS is hosted at the national data center in the Ministry of public administration, which is equipped with the reliable telecommunications and connectivity required.

Gap analysis

No gaps.

Recommendations

None

Assessment criterion 7(b)(c):

The e-Procurement ecosystem has contingency plans that are applied and includes periodic data backup, recovery policies, and policies on virus management.

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Conclusion: Substantive gap
Red flag: No
Qualitative analysis Data backup is done, but this is managed by the external company in charge for system maintenance, and not by DPPP or other state body. This may pose the challenge of data breach.
Gap analysis Data backup is done, but this is managed by the external company in charge for system maintenance, and not by DPPP or other state body. This may pose the challenge of data breach. There is no documented virus management policy in place.
Recommendations It is recommended that the data custody should be always with the government to avoid abuse of procurement data by any other party. There should be a documented data backup and virus management policy in place.
Assessment criterion 7(b)(d): Firewalls have been set up to guarantee the e-Procurement's ecosystem's security and files uploaded to the platforms are routinely scanned for viruses. *
Conclusion: No gap
Red flag: No
Qualitative analysis There are firewalls set up, which saved the system from the recent hackers' attack.
Quantitative analysis <i>* Recommended quantitative indicators to substantiate assessment of sub-indicator 7(b) Assessment criterion (d):</i> - Number of known security breaches on the e-Procurement ecosystem during the last year. There were no known security breaches on the e-Procurement system so far. <i>Source: Institution responsible for the e-Procurement ecosystem</i>
Gap analysis No gaps
Recommendations None
Assessment criterion 7(b)(e): Technical audits are carried out periodically to guarantee that the ecosystem complies with relevant security best practices. *
Conclusion: Minor gap
Red flag: No
Qualitative analysis

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The external company in charge of maintenance of the system carries out the technical audits annually.

Quantitative analysis

** Recommended quantitative indicators to substantiate assessment of sub-indicator 7(b) Assessment criterion (e):*

-Number of technical audits of the e-Procurement ecosystem's platform(s) carried out during the last three years.

The technical system audit is carried out three times by the software vendor.

Source: Institution responsible for the e-Procurement ecosystem

Gap analysis

The external company in charge of the maintenance of the system, which is also the developer of the system, carry out technical audits to protect from cyberattacks and other security risks. However, third-party audits are not carried out on a regular basis. It is important that a third-party system should be carried out whenever a major change in the system is made or functionalities are introduced to avoid system vulnerabilities and security risks.

Recommendations

A third-party system security audit should be carried out to avoid system vulnerabilities and security risks.

Sub-indicator 7(c)

User interaction

There are standards in place and practical evidence that demonstrate the following:

Assessment criterion 7(c)(a):

The e-Procurement ecosystem allows the use of digital workflows.

Conclusion: No gap

Red flag: No

Qualitative analysis

The e-Procurement system allows to configure the workflow, and also procurement processes follow the configured workflow process.

Gap analysis

No gaps

Recommendations

None

Assessment criterion 7(c)(b):

The e-Procurement ecosystem has complete and up-to-date terms of use that users must agree to in order to use the platform.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

The e-Procurement system does not provide any terms of use to be agreed by the users in order to

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use the platform.

Gap analysis

The e-Procurement system does not provide any terms of use to be agreed by the users in order to use the platform.

Recommendations

The absence of the Terms of Use to be agreed by the users may pose serious legal and practical challenges in future in using the e-procurement system. Obligations and responsibility of the users in the e-Procurement system should be clearly communicated and made its agreements mandatory before using the e-Procurement system.

Assessment criterion 7(c)(c):

The e-Procurement ecosystem is accessible through common web browsers and mobile devices and does not require installing additional software. *

Conclusion: No gap

Red flag: No

Qualitative analysis

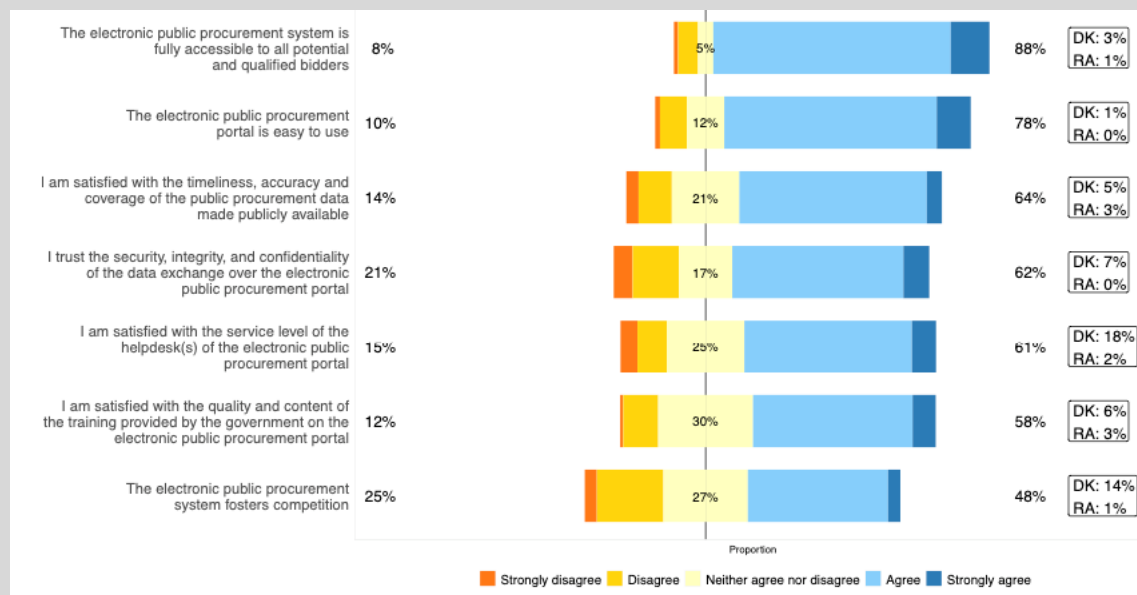
The e-Procurement system is accessible through most of the popular web-browsers in desktop and mobile devices.

Quantitative analysis

* *Recommended quantitative indicators to substantiate assessment of sub-indicator 7(c) Assessment criterion (c):*

- % of users who are satisfied with the accessibility of the e-Procurement ecosystem.

88% of the users are satisfied with the accessibility of the e-Procurement System.



Source: Survey.

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Gap analysis No gaps
Recommendations None
Assessment criterion 7(c)(d): The e-Procurement ecosystem requires a single sign-on for the e-Procurement platform(s).
Conclusion: No gap
Red flag: No
Qualitative analysis As the system is a monolithic system, a single sign on is by default.
Gap analysis No gaps
Recommendations None
Assessment criterion 7(c)(e): The e-Procurement ecosystem is built using responsive web design.
Conclusion: No gap
Red flag: No
Qualitative analysis The system is developed using principles of responsive web-design. Responsive web design (RWD) is a design approach that aims to make web pages look good on a variety of devices and screen sizes. Responsive web design frameworks provide a basic structure with features that can be customized to suit different devices.
Gap analysis No gaps
Recommendations None
Sub-indicator 7(d) Integrity of the information There are standards in place and practical evidence that demonstrate the following:
Assessment criterion 7(d)(a): For the case of tenders, once the deadline for submission has passed, no changes to the submitted bids are permitted.
Conclusion: No gap
Red flag: No

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Qualitative analysis Bids are encrypted and cannot be changed by anyone after the expiry of the bid submission.
Gap analysis No gaps
Recommendations None
Assessment criterion 7(d)(b): Bids submitted are encrypted and not accessible until the bid opening.
Conclusion: No gap
Red flag: No
Qualitative analysis All the bids are encrypted and not accessible to anyone until the bid opening.
Gap analysis No gaps
Recommendations None
Assessment criterion 7(d)(c): Decisions throughout the procurement process carry a time stamp, the responsible user name and the device identification information, and this information may not be altered.
Conclusion: No gap
Red flag: No
Qualitative analysis The system captures all the audit trails with time stamp and stores in an audit log. The information cannot be altered by anyone.
Gap analysis No gaps
Recommendations None
Assessment criterion 7(d)(d): An audit log is available to check the activities taken by users over time.
Conclusion: No gap
Red flag: No

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Qualitative analysis:

The system captures all the audit trails with time stamp and stores in an audit log. The information cannot be altered by anyone.

Gap analysis

No gaps

Recommendations

None

Assessment criterion 7(d)(e):

Public buyers and suppliers are authenticated to minimise the risk of fraud or repudiation of their actions. *

Conclusion: Substantive gap

Red flag: Yes

Qualitative analysis

System uses username and password for the authentication of the users and also uses digital certificates to identify and authenticate the users. Not all users use digital certificates. This may create challenges in data consistency, security and integrity of the system.

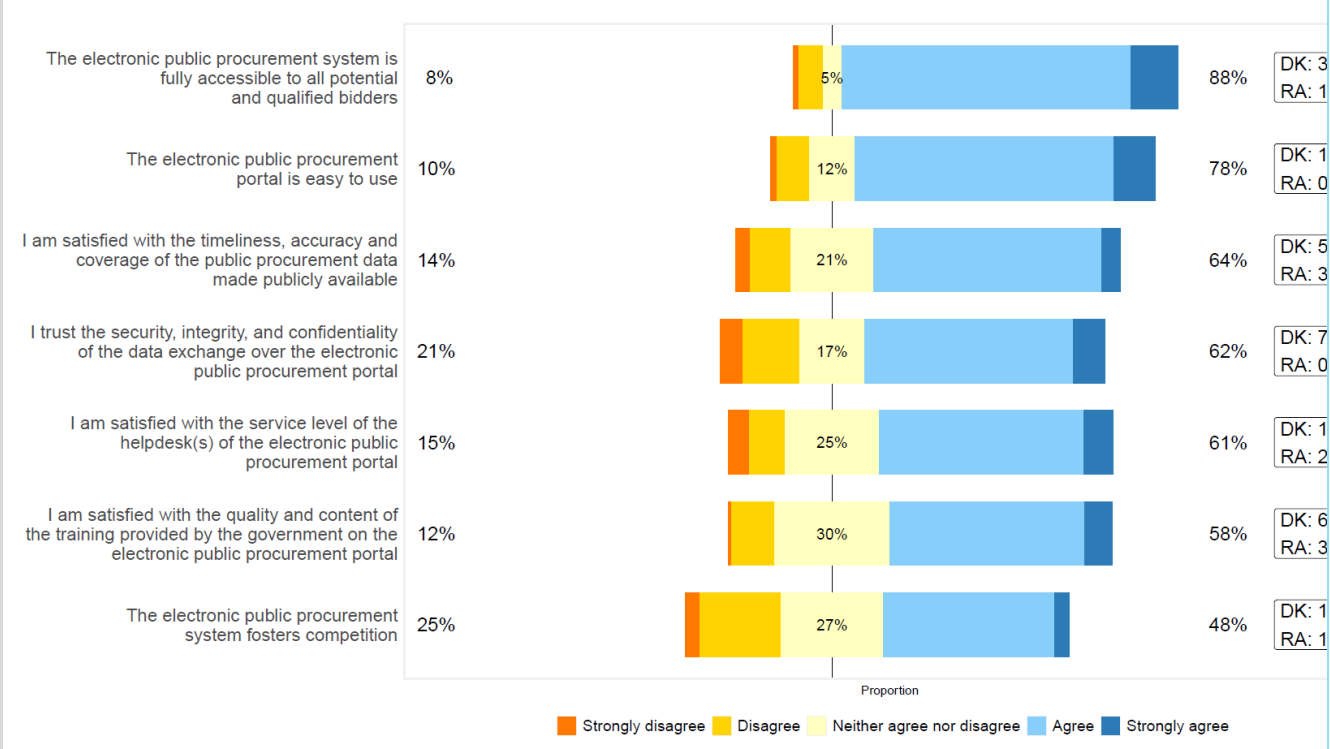
Quantitative analysis

** Recommended quantitative indicators to substantiate assessment of sub-indicator 7(d) Assessment criterion (e):*

- % of users who trust that actions are truly carried out by the person that claims to have done so in the e-Procurement ecosystem.

62% of the users trust the security, integrity and confidentiality of the data exchange over the EPPS.

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Source: Survey.

Gap analysis

Not all users use digital certificates. This may create challenges in data consistency, security and integrity of the system.

Recommendations

The system should mandate to use only one method of authentication either the digital signature or other equivalent methods for all the users for the authentication.

Sub-indicator 7(e) Confidentiality of the information

There are standards in place and practical evidence that demonstrate the following:

Assessment criterion 7(e)(a):

Bidders are allowed to mark parts of their bids as confidential.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

System does not allow the bidders to mark the documents or bids partially. However, all the bids are encrypted and stored in the system keeping the content confidential until the bids are opened. When opened, the authorized users will get access to the bids.

Gap analysis

System does not allow the bidders to mark the documents or bids partially.

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Recommendations The EPPS should allow the bidders to mark the documents or bids partially to prevent the confidentiality of the bidders innovations, proprietary information and confidential private information.
Assessment criterion 7(e)(b): Confidential technical elements of the bids are blocked from view for persons who are not part of the evaluation committee, even after bid opening.
Conclusion: No gap
Red flag: No
Qualitative analysis Whole bid document is encrypted, so even the administrators of the system cannot see any content of the bids before opening.
Gap analysis No gaps
Recommendations None
Assessment criterion 7(e)(c): Information regarding the evaluation of bids is kept confidential before the conclusion of the evaluation is disclosed.
Conclusion: No gap
Red flag: No
Qualitative analysis All the bids and evaluation records are kept confidential before the conclusion and publication of the evaluation results.
Gap analysis No gaps
Recommendations None

Indicator 8. The e-Procurement ecosystem takes advantage of additional technical and functional features available for a variety of procurement methods

Sub-indicator 8(a)
Procurement methods

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If the legal and regulatory framework for procurement in the assessed jurisdiction allows for their use, the following procurement methods are carried out through e-Procurement:
Assessment criterion 8(a)(a): Electronic reverse auctions.
Conclusion: No gap
Red flag: No
Qualitative analysis Montenegro still does not use the e-Reverse Auction. However, the module is ready and available in the test system.
Gap analysis No gap
Recommendations None
Assessment criterion 8(a)(b): Electronic purchases from catalogues, including those based on framework agreements, or dynamic purchasing systems.
Conclusion: Substantive gap
Red flag: No
Qualitative analysis The e-Procurement system does not have e-catalog yet. And also framework agreements and dynamic purchasing system are not used in the country yet.
Gap analysis The e-Procurement system does not have e-catalog yet. And framework agreements and dynamic purchasing system are not used in the country yet.
Recommendations The EPPS should have e-Catalog incorporated and dynamic purchasing and framework agreement should be used for the value for money.
Assessment criterion 8(a)(c): Tenders for contracting of PPPs and concessions.
Conclusion: No gap
Red flag: No
Qualitative analysis The respective PPP Law don't foresee the E-procurement system to have functions for the tenders for contracting of PPP and concessions.
Gap analysis No gaps.
Recommendations None

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Sub-indicator 8(b) Functionalities The e-Procurement ecosystem supports the following:
Assessment criterion 8(b)(a): Classification of goods, works and services based on international standards.
Conclusion: No gap
Red flag: No
Qualitative analysis The e-Procurement system uses Common Procurement Vocabulary (CPV), the European Standard for the classification of the goods, works and services in the system.
Gap analysis No gaps
Recommendations None
Assessment criterion 8(b)(b): Two-stage bidding procedures for complex contracting.
Conclusion: No gap
Red flag: No
Qualitative analysis The e-procurement system allows the two-stage bidding procedure. And it was demonstrated by DPPP during the assessment.
Gap analysis No gaps
Recommendations None
Assessment criterion 8(b)(c): Bid acceptance and handling of joint ventures and other joint supplier structures, with information collected from individual suppliers as well as from the joint structure.
Conclusion: No gap
Red flag: No
Qualitative analysis All joint ventures are allowed through the system, including both sub-bidding and joint bidding.
Gap analysis No gaps

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Recommendations None
Assessment criterion 8(b)(d): Submission of bids with prices provided at the unit level.
Conclusion: No gap
Red flag: No
Qualitative analysis The system Bill of Quantity (BoQ) captures the prices at unit level.
Gap analysis No gaps
Recommendations None
Assessment criterion 8(b)(e): Submission of bids in different currencies and display of information in multiple languages.
Conclusion: No gap
Red flag: No
Qualitative analysis The EPPS support different currencies (i.e., USD and British Pound) in addition to Euro, although the Law only allows euro as a currency.
Gap analysis No gaps
Recommendations None
Assessment criterion 8(b)(f): Acceptance of bid securities and bonds.
Conclusion: Substantive gap
Red flag: Yes
Qualitative analysis Bid securities and bonds are not allowed through the system, but those are submitted in person as a hard copy document, which jeopardies the anonymity. Since the amendments to the Public procurement Law adopted in December 2022, there is an option for the bidders to also submit via e-procurement system, but no obligation.
Gap analysis Bid securities and bonds are not allowed through the system, are submitted in person as a hard copy document, which jeopardies the anonymity.

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Recommendations

The e-Procurement system should have provision to submit the bid securities and guarantees online enhance the efficiency, authenticity and to avoid face-to-face contact with the bidders.

Assessment criterion 8(b)(g):

Electronic acceptance of products for effective inventory management.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

e-Procurement system does not have contract management module, and hence there is no features for acceptance of products for effective inventory management.

Gap analysis

e-Procurement system does not have contract management module, and hence there is no features for acceptance of products for effective inventory management.

Recommendations

The EPPS should have a comprehensive Contract Management module with features required for the contract execution, management, and performance monitoring. It should include also the feature for the electronic acceptance of products for effective inventory management.

Assessment criterion 8(b)(h):

Electronic invoicing.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

The system does not have any functions for the contract management, hence there is not tool for electronic invoicing.

Gap analysis

The procedures for processing the invoices are part of the financial management legal framework and also are incorporated as part of the specific public procurement contract. The e-procurement system does not have contract management module and is not linked with any payment gateway or financial payment system of the Ministry of Finance. The EPPS does not reflect the payments conducted for the signed contracts, nor the appeal decision issued by the Commission for Protection of Rights. It appears that no linkages to other relevant information for promoting transparency and competition are ensured through the EPPS, such as cases of corruption handled by the Agency for Preventing Corruption, or court decisions for convicted firms.

Recommendations

Establish the module on e-invoice in the e-procurement system to ensure the timely payment and also keep record of all the expenditure through public procurement to ensure the fiscal discipline in public procurement.

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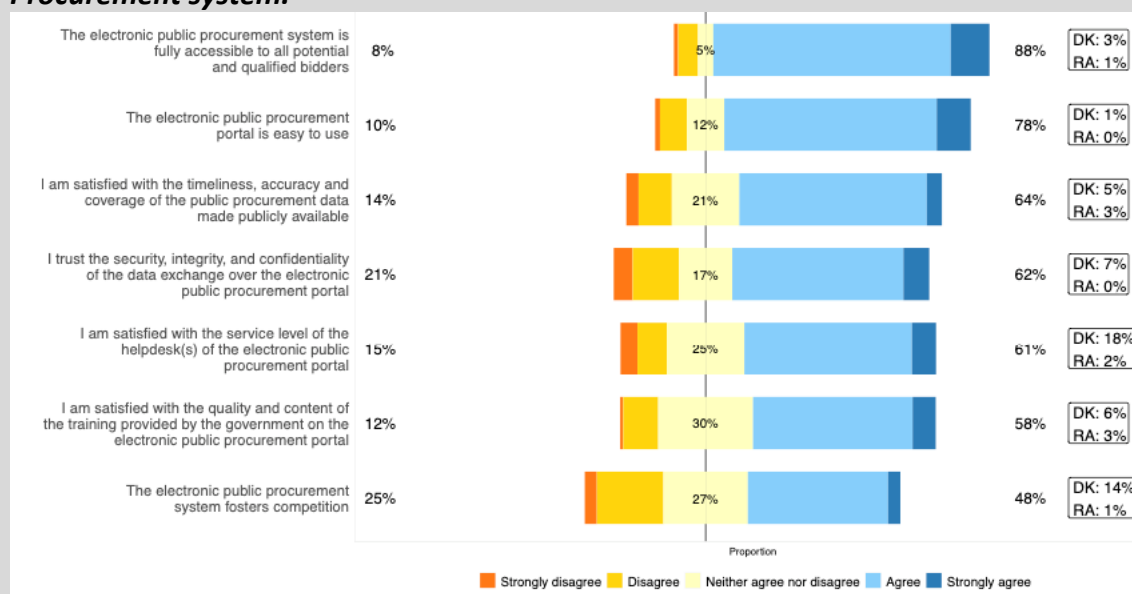
Indicator 9. Data from the s-Procurement ecosystem facilitates decision-making

Sub-indicator 9(a) Open data
Assessment criterion 9(a)(a): Data stored in the e-Procurement ecosystem is disclosed as machine-readable open data in a website for anyone to download, use and share, with the appropriate license for use, and without incurring any fees.
Conclusion: Substantive gap
Red flag: No
Qualitative analysis The system does not support machine-readable open data concept.
Gap analysis The system does not support machine-readable open data concept. The EPPS also does not provide option for data download, use and share by public with or without license.
Recommendations Procurement data should be available on open data format.
Assessment criterion 9(a)(b): Data from the e-Procurement ecosystem is published in a timely manner and provides accurate information and enough coverage of the whole procurement system. *
Conclusion: Minor gap
Red flag: No
Qualitative analysis Any procurement in the system can be tracked in real time by the external actors, but there is no systemic reporting, statistics etc. published in open format.
Quantitative analysis <i>* Quantitative indicators to substantiate assessment of sub-indicator 9(a) Assessment criterion (b):</i> - % of procurement disclosed as a share of the total value of procurement 100 % of procurement data are disclosed and accessible through a search feature. - % of procurement disclosed as a share of the total number of procurement processes - Frequency of open data publication and update 100% of procurement data are disclosed and accessible through a search feature. Procurement data are not published in an open data format, but accessible through search and report templates. Data is updated in a real-time basis. <i>Source: Institution responsible for the e-Procurement ecosystem, normative/regulatory procurement function, Ministry of Finance.</i> <i>* Recommended quantitative indicators to substantiate assessment of sub-indicator 9(a) Assessment criterion (b):</i>

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- % of users who are satisfied with the timeliness, accuracy and coverage of data published from the e-Procurement ecosystem.

64% of users are satisfied with the timeliness, accuracy and coverage of data published from the e-Procurement system.



Source: Survey.

Gap analysis

According to the PPL, key procurement information related to different activities should be published in a timely manner, i.e., procurement plans, contract amendments, contract completions, contract monitoring reports, but there is no systemic reporting, statistics, etc. published in open format.

Recommendations

e-procurement system should publish key procurement data in a timely manner and provides accurate information and enough coverage of the whole procurement system using Open Data Format.

Assessment criterion 9(a)(c):

Open data is used by stakeholders for analysis, and particularly for measuring, monitoring, and evaluating procurement performance.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

The system does not support machine-readable open data concept.

Gap analysis

The system does not support machine-readable open data concept, and data is not used for analysis, measuring, monitoring, and evaluating procurement performance. The system does not have any analytical tools.

Recommendations

A comprehensive data analytics tool should be available in the e-Procurement system, and provide access to the tool to the stakeholders for analysis and measuring, monitoring and evaluating procurement performance.

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Assessment criterion 9(a)(d):

A programme to build capacities for procurement data use and analysis is implemented with suitable quality and content for the needs of all the users. *

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

The system does not have any data analysis tools.

Quantitative analysis

** Quantitative indicators to substantiate assessment of sub-indicator 9(a) Assessment criterion (d):*

- Number of government officials trained in the use and analysis of procurement data

None

- Number of suppliers trained in the use and analysis of procurement data

None

- Number of citizens, academics and journalists trained in the use and analysis of procurement data

None

Source: Institution responsible for the e-Procurement ecosystem

** Recommended quantitative indicators to substantiate assessment of sub-indicator 9(a) Assessment criterion (d):*

- % of users who are satisfied with the capacity building programme to use and analyse procurement data from the e-Procurement ecosystem.

There is not capacity building program to use and analyze procurement data from the e-Procurement system.

Source: Survey.

Gap analysis

Data analytics are not available through the EPPS, and there is no program in place to build capacity for data use and analysis.

Recommendations

A comprehensive data analytics tool should be available in the e-Procurement system, and provide access to the tool to the stakeholders with appropriate level of licenses.

Sub-indicator 9(b)

Data access and presentation

Assessment criterion 9(b)(a):

Procurement data may be easily searched, filtered, and downloaded in bulk.

Conclusion: Minor gap

Red flag: No

Qualitative analysis

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Procurement data can be easily searched and filtered, but not downloaded in bulk.
Gap analysis Data cannot be downloaded in bulk.
Recommendations The system should provide facility to download the data from the e-Procurement system with appropriate license to use the data.
Assessment criterion 9(b)(b): Proper documentation about the procurement data is provided and kept up to date.
Conclusion: No gap
Red flag: No
Qualitative analysis Procurement data and documents are kept in archive for 10 years.
Gap analysis No gaps
Recommendations None
Assessment criterion 9(b)(c): Procurement data is presented through relevant and up-to-date data visualisations.
Conclusion: Substantive gap
Red flag: No
Qualitative analysis EPPS does not provide procurement data through visualizations.
Gap analysis The system is not equipped with any visualization tool and does not present procurement data through visualizations.
Recommendations A data analytics tools should be available in the e-Procurement system with visualization facility.

Indicator 10. The private sector is fully engaged with the e-Procurement ecosystem

Sub-indicator 10(a) Dialogue between the public and private sectors
Assessment criterion 10(a)(a): The government encourages an open dialogue with the private sector to improve the e-Procurement ecosystem.
Conclusion: No gap
Red flag: No

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Qualitative analysis

In the realm of Montenegro's e-Procurement ecosystem, there are both formal and informal mechanisms fostering dialogue between the government and the private sector. The Chamber of Commerce, serves as a pivotal platform for discussing public procurement matters. This amalgamation of formal structures and informal dialogues underscores a commitment to inclusivity and collaboration in the decision-making processes

Gap analysis

No gaps

Recommendations

None

Sub-indicator 10(b)

Private sector's use of the e-Procurement ecosystem

Assessment criterion 10(b)(a):

The e-Procurement ecosystem contains or links to a register of suppliers. *

Conclusion: No gap

Red flag: No

Qualitative analysis

There are both suppliers and contracting authorities register on e-procurement system.

Quantitative analysis

* Quantitative indicators to substantiate assessment of sub-indicator 10(b) Assessment criterion (a):

- Number of suppliers registered in the last three years

See the table below:

Bidders and suppliers

	Firms		
	Overall	National	Foreign
# of registered firms	4,158	2,946	1,212
# of firms that submitted at least 1 bid (% of registered firms)	2,542 (61%)	1904 (46%)	637 (15%)
# of firms that were awarded at least 1 contract (% of registered firms) [% of firms that submitted a bid]	1,536 (38%) [60%]	1244 (30%) [65%]	349 (8%) [55%]

- Number of SMEs registered in the last three years

SMEs registration data not available.

Source: Institution responsible for the e-Procurement ecosystem

Gap analysis

No gaps

Recommendations

None

Assessment criterion 10(b)(b):

The e-Procurement ecosystem contains or links to an up-to-date list of debarred suppliers and

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measures are taken to prevent procuring entities from awarding contracts to debarred suppliers. *

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

There are no debarred suppliers lists at all in Montenegro.

Quantitative analysis

** Recommended quantitative indicator to substantiate assessment of sub-indicator 10(b) Assessment criterion (b):*

- Percentage of suppliers in the e-Procurement ecosystem's debarred supplier list as a share of the total number of debarred suppliers.

There is not a unified list of debarred Suppliers.

Source: Institution responsible for the e-Procurement ecosystem

Gap analysis

There is no provision in the law on debarment of suppliers, and hence debarment list is not available in the e-procurement system.

Recommendations

There should a debarment list publicly available in the country and e-Procurement system should have that linked with the supplier database.

Assessment criterion 10(b)(c):

No systemic constraints such as the ones listed below inhibit private sector access, including from foreign suppliers, to e-Procurement: *

- Internet access and connectivity issues
- Data literacy
- Problems in the design and user interface of the platforms integrating the e-Procurement ecosystem
- Technological issues of the platforms integrating the e-Procurement ecosystem
- Burdensome or costly process to register as a supplier and bid
- Burdensome or costly process to receive training and guidance to use e-Procurement
- Difficulties particular to foreign suppliers, including those related to bidding in different currencies, access to information in multiple languages, etc.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

Based on the consultation with the private sector stakeholders, most of the users are not much challenged with the Internet access and connectivity issues. Montenegro boasts a high internet penetration rate of 83.2 percent in 2022, however, there is a lack of Data Literacy among EPPS users. DPPP does not have any capacity building program for its users on the use of data for making decisions. The system supports most of the common browsers. As the system is not interfaced with external e-services, the integration does not pose any technical challenges for the users. Bidder registration is free and open for national and foreign bidders. There are only difficulties related to bidding in different currencies since the Law only allows euro as a currency. The system

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interface supports Montenegrin and English languages. However, it does not provide dedicated instructions for foreign bidders in languages other than Montenegrin hindering clarity on processes such as registration, obtaining digital certificate and participating in bids.

Quantitative analysis

** Recommended quantitative indicators to substantiate assessment of sub-indicator 10(b) Assessment criterion (c):*

- Number of bids per tender for competitive processes

Please see the table below.

- Number of suppliers that were awarded contracts in the last three years

Please see the table below.

- Number of registered foreign private sector users in the last three years

Please see the table below.

Competition indicators

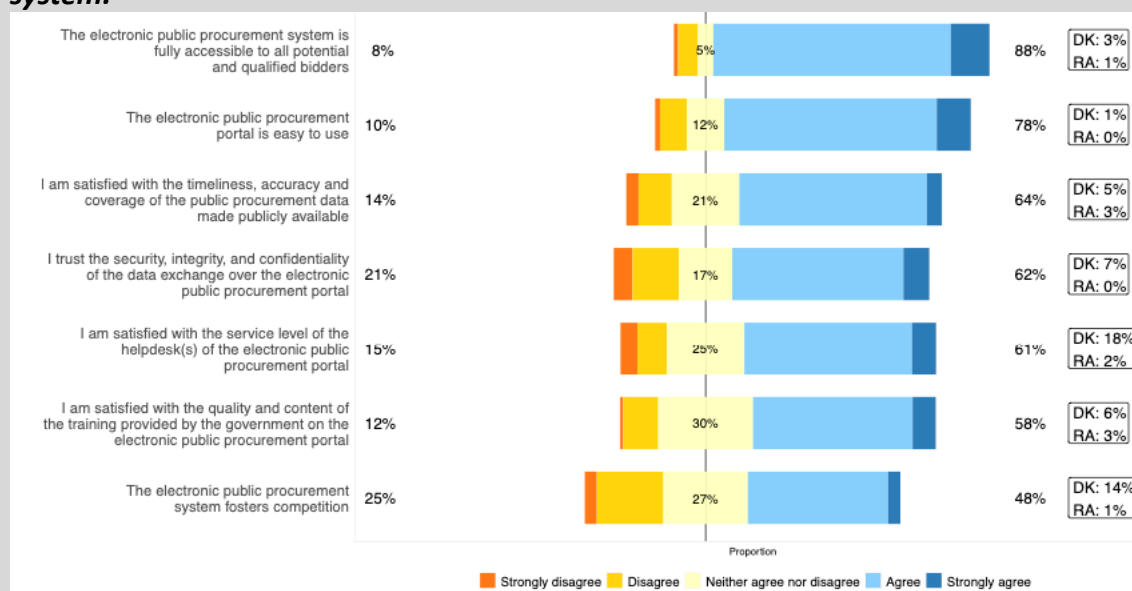
	Average # of bidders per lot	% of lots with only 1 bidder
Small procurement	2	52%
Open procedure	1.5	68%
Restricted procedure	1.6	65%
Negotiation procedure without prior publication	1.1	93%
Mini Call Off	2	42%
Overall	1.6	66%

Source: Institution responsible for the e-Procurement ecosystem

** Recommended quantitative indicators to substantiate assessment of sub-indicator 10(b) Assessment criterion (c):*

- % of private sector users who express that there are constraints that inhibit private sector access to the e-Procurement ecosystem.

8% of the private sector uses express there are some constraints to access in the e-Procurement system.



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Source: Survey.

Gap analysis

The EPPS capture and stores a lot of data along the whole procurement cycle from the bidders and public entities, but the data is rarely used for making informed decisions. Additionally, the law in Montenegro allows bidding only in Euro. EPPS does not provide dedicated instructions for foreign bidders in languages other than Montenegrin hindering clarity on processes such as registration, obtaining digital certificate and participating in bids.

Recommendations

The DPPP should come out with a capacity building program on data literacy to its users for a better decision making in public procurement. Additionally, there should be a clear legal provision for bidding in multiple currencies and provide clear and precise instructions for the foreign bidders on all aspects of facilitating the use of EPPS.

Sub-indicator 10(c)

Use of e-Procurement for specific sectors

Assessment criterion 10(c)(a):

e-Procurement is used for key sectors associated with the government's priority areas

Conclusion: No gap

Red flag: No

Qualitative analysis

There are no specific sectors defined as government's priority areas, but the system is used for all sectors and areas.

Gap analysis

No gaps

Recommendations

None

Pillar IV. Accountability, Integrity and Transparency of the Public Procurement System

Indicator 11. The e-Procurement ecosystem ensures civil society engagement

Sub-indicator 11(a) Dialogue between government and civil society
Assessment criterion 11(a)(a): The government encourages an open dialogue with civil society to improve the e-Procurement ecosystem
Conclusion: Minor gap
Red flag: No
Qualitative analysis EPPS provides a facility for citizens to provide feedback by registering as private persons in the system. However, this approach is not widely used, with only 50 private persons registered as of March 23, 2023.
Gap analysis There is no formal government and civil society structure established dedicated to improve the e-Procurement ecosystem. However, citizens can provide their feedback by registering in the system.
Recommendations A formal and dedicated forum with civil society should be established for an open dialogue with the civil society to improve the EPPS.
Sub-indicator 11(b) Direct engagement from civil society
Assessment criterion 11(b)(a): The e-Procurement ecosystem allows citizens to access and search information of all stages of the procurement process and all procurement methods in accordance with the legal/regulatory framework.
Conclusion: No gap
Red flag: No
Qualitative analysis information about the procurements can be searched in the web portal and access information based on various parameters like item types, procurement procedures, publication dates, duration, CPV codes, contracting authority, type of institution, and estimated values.
Gap analysis No gaps
Recommendations None
Assessment criterion 11(b)(b): The e-Procurement ecosystem allows citizens to provide comments and feedback at the stages of the

procurement process where this is allowed by the legal/regulatory framework.

Conclusion: No gap

Red flag: No

Qualitative analysis

The system allows citizens to register as private persons which would also allow them to provide comments, feedback etc. in the system.

Gap analysis

No gaps

Recommendations

None

Assessment criterion 11(b)(c):

There is evidence that citizens use the opportunities available to access information of, and provide comments and feedback to specific procurements by means of the e-Procurement ecosystem. *

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

There are 50 private persons registered in the system (on 23/3/20, but no evidence that they provided comments and feedback to specific procurement through e-procurement system.

Quantitative analysis

** Quantitative indicators to substantiate assessment of sub-indicator 11(b) Assessment criterion (c):*

- Number of downloads of procurement data
- Number of comments from civil society users in the last calendar year
- Number of users who accessed the e-Procurement portal(s) in the last calendar year

Data not available.

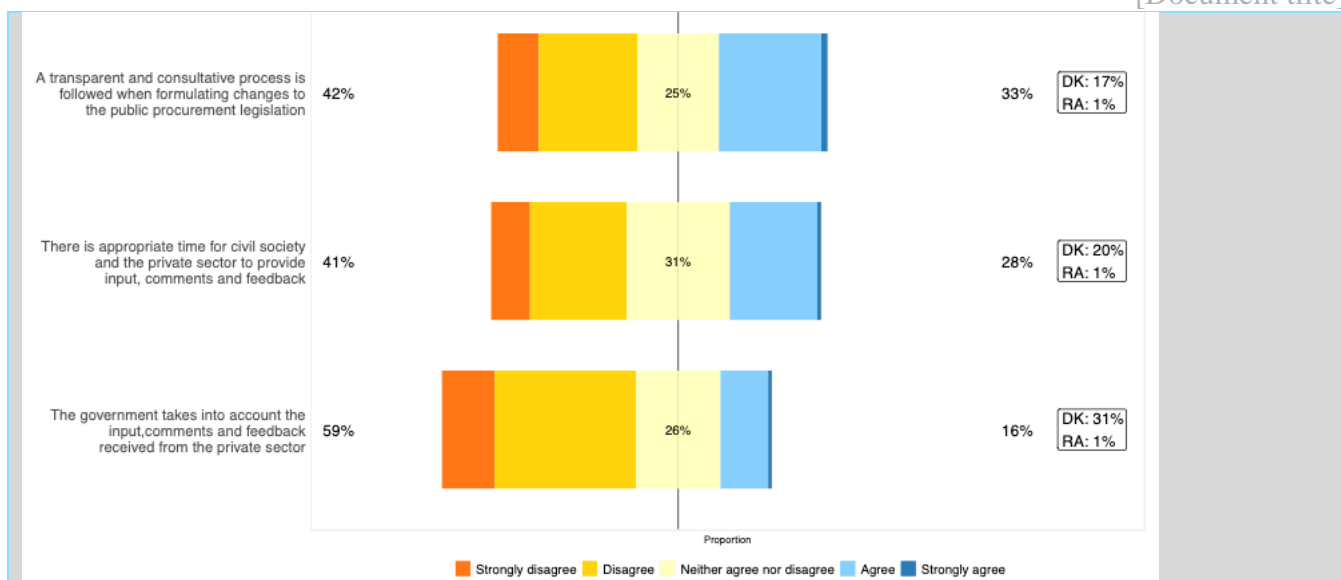
Source: institution responsible for the e-Procurement ecosystem.

** Recommended quantitative indicators to substantiate assessment of sub-indicator 11(b) Assessment criterion (c):*

- % of users who are satisfied with the opportunities provided in the e-Procurement ecosystem to access information of, and provide comments and feedback to specific procurements.

28% of the private sector users are satisfied with the opportunities provided in the EPPS to access information and provide comments and feedback to specific procurements.





Source: Survey.

Gap analysis

The EPPS provides the registered users opportunity to provide feedback and comments, but the users have not taken advantage of the facility.

Recommendations

The users should be made aware about the feedback feature and encourage to provide the feature for the improvement in the procurements carried out in the EPPS.

Indicator 12. The e-Procurement ecosystem enables effective treatment of risks, control and audit.

Sub-indicator 12(a)

Internal and external control

Assessment criterion 12(a)(a):

There is evidence that the e-Procurement ecosystem facilitates internal control.

Conclusion: No gap

Red flag: No

Qualitative analysis The EPPS provides audit and oversight functions of procurement activities through the features of the system, such as access for internal and external auditors, supporting transparency and accountability in procurement. Internal auditors from the Ministry of Finance (Budget Section) get access to specific parts of the procurement processes and packages in the EPPS for carrying out the internal audit.

Gap analysis

No gaps

Recommendations

None

Assessment criterion 12(a)(b):



There is evidence that e-Procurement ecosystem facilitates external control. *

Conclusion: No gap

Red flag: No

Qualitative analysis

EPPS provides access to external control institution (State Audit Institution) to perform online audit without performing on spot checks. They can access data, but only with approval of the contracting authorities.

Quantitative analysis

** Recommended quantitative indicator to substantiate assessment of sub-indicator 12(a) Assessment criterion (b):*

- Percentage of audits focused on procurement which used data from the e-Procurement ecosystem. Audits of procurements of registered institutions are conducted using the e-Procurement system, but figurative data not available.

Source: Ministry of Finance / Supreme Audit Institution

Gap analysis

No gaps

Recommendations

None

Sub-indicator 12(b)

Identification and treatment of risks

Assessment criterion 12(b)(a):

Ex-ante controls and algorithms are in place in the e-Procurement ecosystem and used to detect risks and possible wrongdoing. *

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

The EPPPS does not have any algorithms implemented for ex-ante control and detect anomalies.

Quantitative analysis

** Recommended quantitative indicator to substantiate assessment of sub-indicator 12(b) Assessment criterion (a):*

- Number of processes identified as outliers or possible wrongdoing by the algorithms set in place by public institutions.

Algorithms not used..

Source: Ministry of Finance / Supreme Audit Institution

Gap analysis

The EPPS does not provide any ex-ante controls and algorithmic features to detect the risks and possible wrongdoings.



Recommendations

It is recommended to incorporate the ex-ante controls and red-flag algorithms to detect the risks and possible wrongdoings.

Assessment criterion 12(b)(b):

Ex-post investigations and risk analysis are regularly conducted using data from the e-Procurement ecosystem.

Conclusion: Minor gap

Red flag: No

Qualitative analysis:

EPPS can generate only a limited number of pre-defined reports.

Gap analysis

Currently, the system offers pre-defined set of reports for monitoring procurement performances.

Recommendations

Including post-procurement assessments would help identify and address issues and risks more effectively.

Indicator 13. The e-Procurement ecosystem facilitates the review of complaints and appeals

Sub-indicator 13(a)**E-complaints****Assessment criterion 13(a)(a):**

Complaints and/or appeals can be lodged through or linked to the e-Procurement systems. *

Conclusion: No gap

Red flag: No

Qualitative analysis

The law provides a complaint mechanism that can be lodged through EPPS.

Quantitative analysis

* Quantitative indicator to substantiate assessment of sub-indicator 13(a) Assessment criterion (a):
- % of e-complaints out of the total number of complaints in the last year.

Year	# of appeals received	# of appeals decisions	# of enforced decisions	% of enforced decisions
2020	229	242	57	100%
2021	194	180	102	100%
2022	174	169	94	97%

Source: appeals body

Gap analysis

No gaps



Recommendations None
Assessment criterion 13(a)(b): The appeals body has access to the e-Procurement systems and uses its information for decision making.
Conclusion: No gap
Red flag: No
Qualitative analysis The Appeal body get access to the EPPS upon approval of the contracting authorities (as defined by the Law on Public Procurement) and uses the information available and provided through the EPPS for decision making.
Gap analysis No gaps
Recommendations None
Assessment criterion 13(a)(c): The e-complaint workflow is consistent with the process used to handle appeals, including standstill periods for review, if any.
Conclusion: No gap
Red flag: No
Qualitative analysis The complaint handling process as provisioned in the legislation is followed in the EPPS. As soon as the complaints are received by the Cas through the EPPS, the CA's authorized person, who is not a member of the procurement commission, endorses procurement decisions and responses to complaints.
Gap analysis No gaps
Recommendations None
Assessment criterion 13(a)(d): Remedies are reflected in the e-Procurement systems.
Conclusion: Substantive gap
Red flag: No
Qualitative analysis The EPPS does not have any dedicated section to allow convenient lodging of complaints by bidders, and the system does not interface directly with the Appeals Commission.
Gap analysis The EPPS does not have any dedicated section to allow convenient lodging of complaints by bidders, and the system does not interface directly with the Appeals Commission. There are no tools for remedies in the e-Procurement system.



Recommendations

There should be a dedicated section on the EPPS to allow convenient way of lodging complaints by the bidders. There should be an interface developed for the Commission of Appeal in the EPPS from where the commission can access the appeals submitted, and also publish the resolution on the EPPS in addition to the publication of the appeal resolution reports on the Appeal Commission's website.

Assessment criterion 13(a)(e):

Complaints and decisions of the appeals body are published as open data.

Conclusion: Substantive gap

Red flag: No

Qualitative analysis

Complaints and resolutions are not published in EPPS but only at the website of the Commission for Protection of Rights. The decisions are published as PDFs and not in a machine readable open data format.

Gap analysis

Complaints and resolutions are not published in EPPS and as open data.

Recommendations

There should be a dedicated section on the EPPS to allow convenient way of lodging complaints by the bidders and publish the decisions as open data.

