



City of Koprivnica

Public procurement

Integrated Action Plan (IAP)



March 2018.

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Introduction

This Integrated Action Plan (IAP) for the City of Koprivnica has been developed as part of the activities of 'creating a good local economy through procurement' (Procure) network.

[Procure](#)¹ is a network of [11 partners](#)², led by Preston City Council and funded through the [URBACT III Programme](#)³ which seeks to enable transnational exchange and learning between cities around a particular theme. The Procure network seeks to connect cities and build success around the theme of procurement, which is the process used by public authorities and commercial business to purchase goods and services.

The network was initially funded in September 2015 (see the [baseline study](#)⁴) and lasts until May 2018.

Over the course of the two years (from May 2016), Procure partners have met together (both at a transnational - European level and at a local level – through [local stakeholder groups](#)⁵) to discuss and explore a number of topics; with a core purpose of developing an IAP.

Procure partners agreed that the focus of the project at transnational and local level would be upon the following themes:

- Responding to European and National level law;
- Spend analysis and developing a procurement strategy;
- Innovation in procurement: social and environmental criteria;
- Engaging and raising awareness with local businesses and SMEs;
- Monitoring impact;

The IAP for the City of Koprivnica reflects on the knowledge and learning gleaned from transnational and local levels around the above themes and sets out our plan of actions for progressing procurement activities moving forward. It is shaped by: the challenges we identified in the baseline study, our existing processes and practices around procurement, what we have learnt through the network, and what we want to do and achieve moving forward.

¹ <http://urbact.eu/procure>

² <http://urbact.eu/interactive-map?network=7450>

³ <http://urbact.eu/>

⁴ http://urbact.eu/library?f%5B0%5D=field_network_reference_multiple%3A7450

⁵ <http://urbact.eu/urbact-local-groups>

ULG Koprivnica

The Urbact Local Group of the City of Koprivnica has been established at the beginning of the PROCURE network. An open invitation has been sent to all interested stakeholders in order to see what their needs regarding public procurement and their compliance with the needs and expectations of are the Procure network. Before the invitation was sent, research was done (in the scope of the preparation phase of the PROCURE project) in order to see who a member of the ULG group could be. Invitations were sent directly to SMEs located in the administrative area of the City, supporting business institutions (Croatian chamber of commerce, Koprivnica business support centre...), companies owned by the City of Koprivnica who are obliged to conduct public procurement processes and other public institutions (museum, schools, library etc...).

The first meeting was held on the 15th of September 2016 and had in total 13 participants. Because this was the first event, an introduction was made regarding the PROCURE project, the expectation the City had from the participants and the expectations of the participants form the PROCURE project.



Photograph 1: 1st ULG meeting

The ULG members came from different organisations but all of them were coming from the public sector which had indicated that SMEs did not see any potential i.e. benefits of participating in such activities. After conducting a number of telephone conversations with the representatives of the SMEs that did not respond to the invitation the conclusion was made that they did not see any benefits from participating in the event and the fear of some SMEs that their participation at such activities could cause problems or be mistaken by other SMEs when participating in future public tender process of the City of Koprivnica.

ULG members

City of Koprivnica
(www.koprivnica.hr)



City of Koprivnica is a public authority that is in charge of the ULG group and the Procure project in Koprivnica. The city is responsible directly for the procurements that are happening under their jurisdiction. As a public authority in this type of legal subject (City) it has been since 1998. The types of procurements from this organisation are diverse. In total, there are four employees active in the ULG group.

Regional energy agency North
(www.rea-sjever.hr)



Regional energy agency North is an institution that has been established by the City of Koprivnica and three other cities. Main activity of the energy agency is giving support to other local communities regarding energy topics, energy efficiency and renewable energy. The agency is also active in the field of conducting combined public procurements of energy services. The agency has one designated person that is dealing with public procurement, and that is also a part of the ULG.

**Regional development agency
North**
(www.dan.hr)



Regional development agency North is an institution that has been established by the City of Koprivnica and two other cities and counties. Main activity of the agency is the supporting of the founding communities in developing business programmes for local business. The agency does not have a great deal of experience in conducting public procurements. The agency has one designated person that is dealing with public procurement, and that is also a part of the ULG.

**“Koprivnicki Poduzetnik”
business incubator**
(<http://www.inkubator.info/en/>)



“Koprivnicki Poduzetnik” provides consulting services to both beginners and experienced entrepreneurs. Their main goal is to promote entrepreneurship and innovations in Koprivnica.

Among others, they deal with the following:

Preparation of documentation for national and EU projects

Promoting entrepreneurship and encourage beginners

Providing useful advice and offer practical assistance

They are 100% by the City of Koprivnica and mainly operate on the grounds of the Koprivnica business zone. One of their main advantages are the connections that they have with local business, from the administrative area of the City of Koprivnica.

**Croatian chamber of economy –
Koprivnica branch**
(www.hgk.hr/zupanijska-komora-koprivnica)



HRVATSKA GOSPODARSKA KOMORA
CROATIAN CHAMBER OF ECONOMY

The Croatian Chamber of Economy is an independent professional and business organisation of all legal entities engaging in business. The Chamber consists of the Headquarters in Zagreb and 20 County Chambers. One of them is the county chamber located in Koprivnica. Also, the CCE consists of 9 departments dealing with the respective branch of the economy, 51 professional associations, 57 groups and 26 affiliations.

What is particularly important for this ULG, the CCE has access to a number of databases, among them;

- Online Catalogue of Investment Projects in Croatia
- Croatian Company Directory – more than 85,000 active members
- Business Opportunities Exchange
- Business zones
- Croatian Export Directory
- Croatian Waste Materials Exchange

Also, they provide information and assistance on;

- relevant regulations and laws in the field of investment and economics
- current economic situation in Croatia
- how to start-up business in Croatia
- national and local investment incentives and opportunities
- Linking potential investors with project holders
- Facilitating communication with the institutions on national and local level
- Support to the investors in dealing with administrative procedures on all levels
- *Providing suppliers' database and facilitating contact with potential business partners*
- Organising individual, tailor-made visits of potential investors to Croatia

Other members of the ULG group:

Primary schools

In total, three primary schools that have their own individual procurement departments.

Kindergarten

One kindergarten, with several subsidiaries in Koprivnica area.

Koprivnica museum.

City of Koprivnica museum which is under the supervision of the City and is a public procurement user.

Koprivnica library.

City of Koprivnica library which is under the supervision of the City and is a public procurement user.

Other members of the group have carried out their expectations regarding the work of the ULG. Most of the members have requested for assistance regarding the new, in that moment, upcoming Law on public procurement which brought a large change in the public procurement processes in Croatia, with the largest change being that the lowest price was removed as criteria, and the only criteria was the economically advantageous offer. In principle, this means that, beside the price, the use of criteria when evaluating the tender is necessary. Since there are a small number of known examples in Croatia existing

This has caused a number of uncertainties regarding the use of criteria in public procurement processes. Therefore, a conclusion of the first ULG meeting was that the programme of the future ULG meeting should be directed at increasing the capacity of ULG members for the take up of the Law on public procurement and to learn more about the possibilities it offers, especially in the context of using the criteria for support of local economy.

The second meeting was held on the 3rd of February 2017, in total 15 members of the ULG were present. The structure of the group was

relatively similar to the first one, and again, no SMEs were present. An external expert was engaged in order to present the new Law on public procurement that was came into power on the 1st of January 2017.



Photograph 2: 2nd ULG meeting

From January 2017 till the end of the project 6 more meeting were held. The main focus of the meeting was the work on raising the capacity of the local administration for the uptake of the Law on public procurement, development of a number of context specific criteria that would be used in public procurement process and that would have a positive impact by providing support to the local economy and the work on this document.

Public procurement in Croatia

In the EU countries, public procurement average is approximately 20% of the countries' GDP, while in Croatia in 2013 it amounted 12,08% of the GDP.

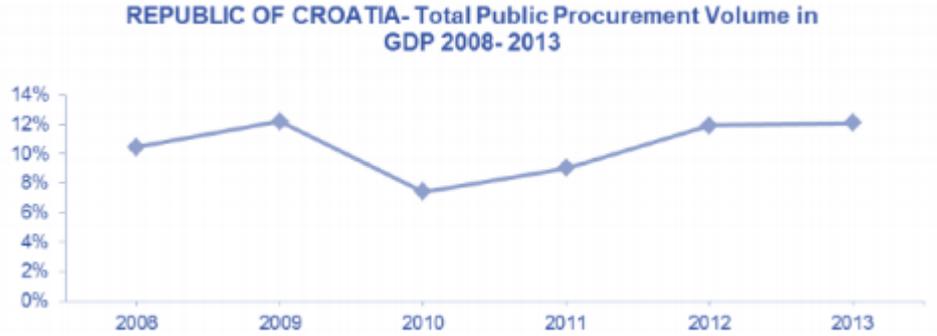


Table 1: PP in Croatia GDP

According to the Public Procurement Database data, in 2014 (ending with September 24), the total value of public procurement amounts in Croatia to 12 billion and 304 million HRK, while in the same period the year before it amounted 13 billion and 497 million HRK, representing a decrease of 8,8%.

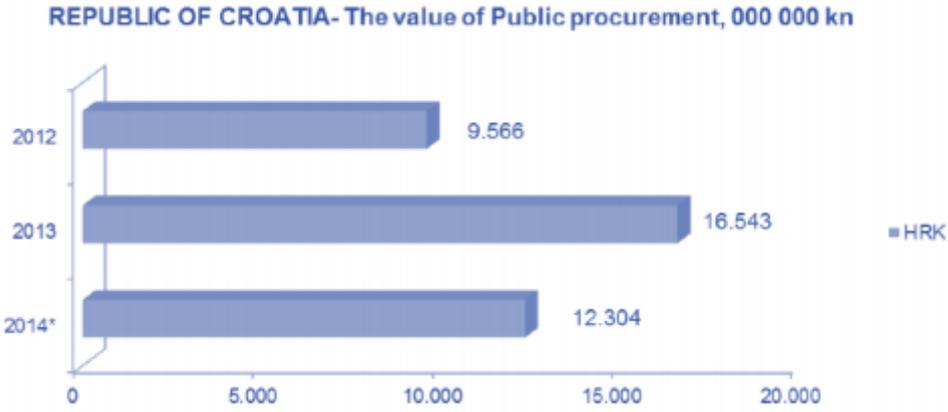


Table 2: PP value in Croatia

From 1 January 2012 to September 2015, there were a total of 26,192 contracts signed, including framework agreements. Their total value

exceeded 38 billion and 414 million HRK, and these contracts were concluded by 2003 contracting authorities. The total number of tenderers who were awarded a contract is 4684, which means that on average each signed five contracts. The contracting authority with the highest number of contracts is HEP - Distribution System Operator Inc, and Croatian Railways Passenger Transport Ltd is the client with the highest sum of the contracts' value. The ratio between the contracting authorities and tenderers is 1-per-2.3; which means that on average there are two tenderers per 1 contracting authority in all public procurement contracts. According to the Central Bureau of Statistics data, in March 2014 in the Republic of Croatia were active 159,764 legal persons and 83,426 economic operators in the field of trades, crafts and free professions. Only 4684 of them took part in public procurement, i.e. only 1.9%. The tenderer with the highest number of contracts is INA - Oil Industry Inc, and the tenderer with the highest sum value of the contracts is Končar - Electric Vehicles Inc.

This is supported by data on the number of offers which contracting authorities receive during the implementation of public procurement procedures:



Table 3: Offers per contract

Although the new Public Procurement Directives recommend most economically advantageous tender as a selection criterion which gives more responsibility to contracting authorities, encouraging them to purchase competing products, but also requiring them to spend extra effort to define technical criteria which, together with the price, must be taken

into account in the selection process, in Croatia this selection criterion is applied in only 1% of the cases:

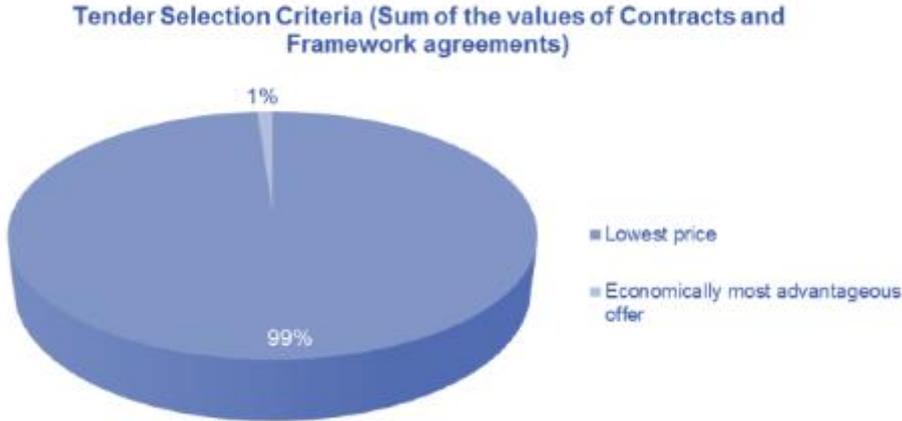


Table 4: Tender selection criteria

When it comes to the type of procurement procedure, it is an interesting fact that not a single contracting authority used the opportunities that are available in competitive dialogue procedures, open competition, and restricted tendering. The highest contract value was awarded in open procedures:

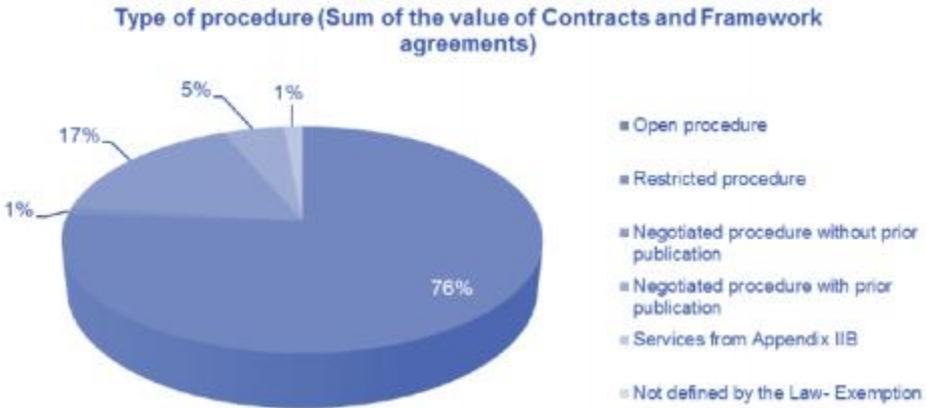


Table 5: Type of procedures

On 9 December 2016, the Croatian Parliament adopted the eagerly awaited new Public Procurement Act (Zakon o javnoj nabavi; "PPA") which enters into force on 1 January 2017. The PPA implements the new public procurement specific directives (2014/24/EU and 2014/25/EU) and brings about a number of significant changes to the Croatian public procurement legal framework.

All public procurement procedures launched as of 1 January 2017 are subject to the new PPA. Given the fact that the newly adopted law has been published in the Official Gazette only on 21 December 2016, both the contracting authorities and bidders have been given an extremely limited period of time in order to prepare for its application in practice.

The most important amendments include:

- The most economically advantageous tender ("MEAT") as the sole award criterion.
- Introduction of the European Single Procurement Document (ESPD) as a self-declaration form for bidders.
- Introduction of an obligation for contracting authorities to conduct prior market consultations with the interested economic operators.
- Introduction of new types of procurement procedures.

Public procurement in Koprivnica

In the scope of this IAP an extensive survey was done on the status of public procurement in Koprivnica. This is the first organised approach to public procurement processes in Koprivnica. The majority of public procurement processes are simple procurement processes that are regulated by an internal act that is being approved by the City council of the City of Koprivnica the Rulebook on simple procurement.

The document regulates procurements from 2.666,67 € till 26.666,67 € (goods and services) and 66.666,67 (works). Every procurement in Koprivnica from 2.666,67 € has to be listed in the “procurement plan” that is being published at the beginning of each year. Each institution and organisation under the City of Koprivnica has the obligation to develop such a document, but in a way the organisation thinks it’s suitable for them.

The rulebook offers the possibility for the City administration to do Procurements till 9.333,33 € without any documentation i.e. a conducted procurement process. There is also a possibility that procurements in this range can be done with all the necessary procedures.

Procurements from 9.333,33 € till 26.666,67 € (goods and services) and 66.666,67 (works) have to have a procurement process which in the end has the following elements;

- min. 3 offers
- appointed committee (decision)
- minutes
- conclusion of the mayor

The whole process last for 3 – 7 days excluding the deadline for the tender delivery, which is mostly around 7 day, which makes the process last for 14 days in general.

Public procurement vs simple procurement

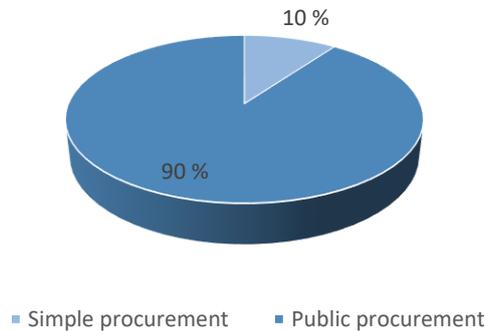


Table 6: PP comparison in Koprivnica, no.

The way how a simple procurement will be done depends on the head of the department or the organisation that is conducting the process.

The total value of the procurement proceses was 1.993.743,62 € in 2015. Out of that, the value of the public procurement processes was 1.065.563,57 € and the simple procurement 928.180,05 €.

Public procurement vs simple procurement

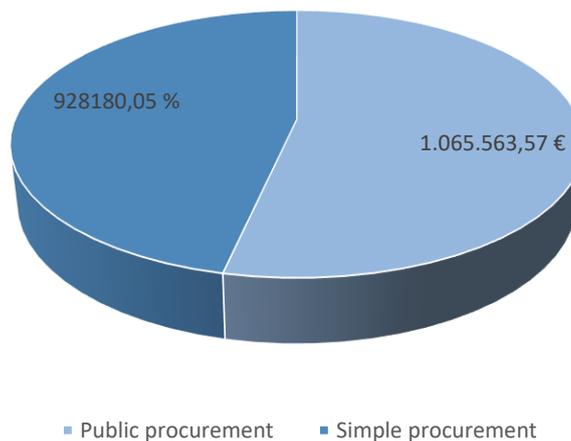


Table 7: PP comparison in Koprivnica, value

Out of the overall procurement processes, the majority of spending refered to the procurement of works (43%), then services (41%) and goods (16%).

Public Procurement stats in Koprivnica

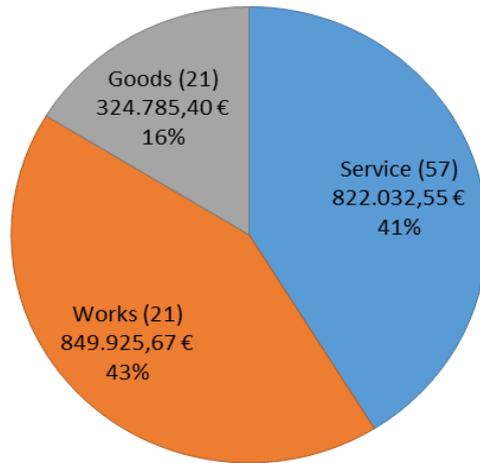


Table 8: Types of PPs in Koprivnica

Also, 90% of all procurements were done according to the City of Koprivnica rulebook on simple procurement and 10% according to the Law on public procurement.

Public procurement vs Bargain purchase

■ Public procurement ■ Bargain purchase

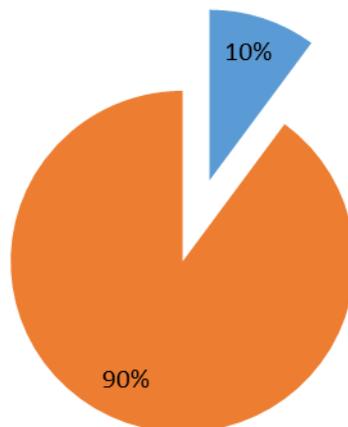


Table 9: PPs below and above comparison

When taking into account the total value of the procurements, the value of bargain (simple) procurements and public procurements is relatively the same – in 2015. The total value of bargain (simple) procurements was 928.180,05 € and for the public procurement it was 1.065.563,57 €.

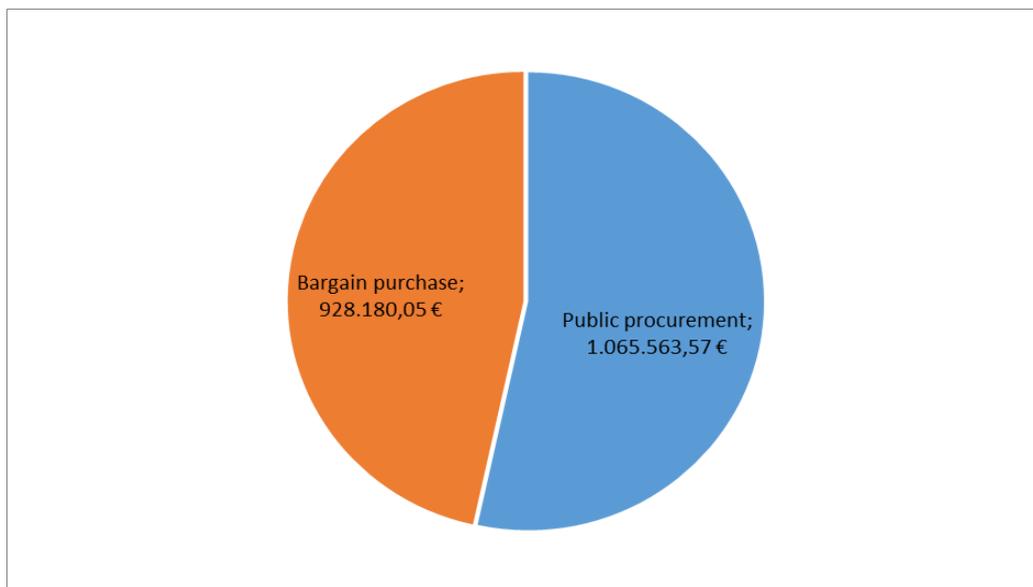


Table 10: PPs below and above the threshold comparison, value

Main challenges

The status of Public procurement in the City of Koprivnica is very much similar to the rest of Croatia. Public procurement, introducing innovation in public procurement, changing perspectives, focus and headings in public procurement is very much considered to be a “taboo” topic due to the large restrictions that are being caused by the legal system and the image of corruption that is following public procurement in Croatia. The image has been brought upon due to several corruption cases connected with high ranking politicians in Croatia, including the former prime minister of Croatia. Also, even though these are a minor number of cases, as a consequence of that, a large bureaucratic system was built around public procurement in order to ensure that cases like these do not occur again. In the context of challenges, public procurement is affected by the changes that are influenced by the new Law on public procurement. Therefore, the main challenges could be summarized i

Introduction of the new Law on public procurement in Croatia.

As mentioned in the section before, on the 1st of January 2017, a new law on public procurement came into power which has introduced a number of changes. That means that all public procurement procedures launched as of 1st of January 2017 are subject to the new Law on public procurement.

The most important amendments include:

- The most economically advantageous tender ("MEAT") as the sole award criterion.
- Introduction of the European Single Procurement Document (ESPD) as a self-declaration form for bidders.
- Introduction of an obligation for contracting authorities to conduct prior market consultations with the interested economic operators.
- Introduction of new types of procurement procedures.

Because of the fact that the law has been published in the Official Gazzete on the 21 December 2016, and even taking into account the period of consultation with the interested public, the period for the implementation of the Law is relatively short and due to this fact, the organisations dealing with public procurements, both bidders and tenderers, will have to invest additional efforts in order to take up the new Law.

Lack of (internal) public administration capacity for the implementation of new Law on public procurement.

City of Koprivnica, as a public body is obliged to conduct public procurement processes and to implement and carry out the Law on public procurement. As a relatively small administration (around 60 employees), there was no need for the establishment of a special department who would deal with public procurement i.e., each department had a designated person that would conduct public procurement process – both under and above the threshold i.e. simple procurement processes and public procurement processes. The person would have a certificate in public procurement, but a rather superficial knowledge on public procurement due to the fact that the number of processes the person

conduct is rather limited and the public procurement is just a fraction of the work description of the person.

This situation is leading to the following problems;

- In the case of simple procurement processes, there is a tendency of development of internal procedures in each department, making the process slightly different in each department and incompatible on an organisational level. This is leading to an increased level of bureaucracy, staff efforts etc.
- the current system of “one person per department” who deals with procurement is relatively efficient in the context of simple procurement, because of the relative simplicity of the procurements, but when it comes to much larger public procurement processes and that are specific there are difficulties in conducting such processes due to the unexperienced staff and the lack of expertise knowledge.
- Due to the lack of experience, an unexperienced public procurement expert needs more time than procurement expert that is more experienced.

Low dissemination level of the public procurement plan.

Each organisation that is subject to the Law on public procurement has the obligation to express their procurement needs, both simple procurements and public procurements, at the beginning of the year, together with all of the changes that eventually occur during the year. When communicating local SMEs, a conclusion was made that the Plan was not visible enough to them, i.e. they had difficulties finding it. The second reason was the lack of awareness that the plan exists at all.

Lack of combined information of SME potential and verifiable data for monitoring

Even though there is a legal requirement for the collection of data of public procurement processes, both simple and public procurement tenders, in the form of a registry of signed contracts, the registry includes very small

amount of data regarding the tenderers itself. This lack of data is making it difficult to draw conclusions from the procurement processes in order to see what the potential of local SMEs is to participate at the procurement processes. Also, the lack of data is not allowing a more, in depth analysis of the procurement processes, which in the end enables planning of the procurement processes.

Goals

Taking into account the challenges mentioned in the section before, and the vision of the City of Koprivnica to improve the procurement processes and make a change in the local economy through public procurement, a set of goals and corresponding measures are developed.

The goals are as follows:

- Increase of the transparency of public procurement
- Implement new legal requirements
- Increase the public administration capacity in public procurement
- Increase the innovation of PP in Koprivnica
- Make PP more cost effective
- Make an impact on the local economy

Increase of the transparency of public procurement

Conclusions of the baseline analysis and the ULG meetings were that public procurement was affected by the general public opinion on a national level that public procurement is connected with corruption. This was largely connected with the judicial processes of political stakeholders that were accused of corruptive actions in public procurement processes. This has made an impact on the officials that were in charge of the public procurement processes which did not take any additional risks in PPPs by introducing new criteria's or types of PPPs except from open public tenders. In order to minimize the negative connections of the PPPs with corruptive actions, more transparency of the PPPs has to be available.

Implement new legal requirements

Croatia has entered the EU in July 2013 and has obliged itself to take over the standards in PPPs that are common in the rest of the EU and of the 1st of January a new Law of public procurement is going to be implemented. As a commonality that stretches through all PPPs is the fact that the personnel in charge of the PP, especially on a local level is not keen on

implementing new legal requirements and this takes a significant amount of effort and increased number of mistakes in PPPs that in the end result with a financial cost. The staff and political stakeholder education therefore is essential.

Increase the innovation of PP in Koprivnica

As stated in the baseline analysis, the PPPs have not been innovative in a way that the staff conducted PPPs that included different procedures than open procedures. Restricted procedures were scarce. Even though they are a successful form of attracting a good number of bids, they take a long time and impose relatively high costs. Negotiated also were not present. As such, the experience is that they do not perform well in almost any of our measures of efficiency. Negotiated procedures do, on the other hand, perform better than average in terms of the number of cross border wins which the City of Koprivnica did not have. It is understood that there are a different set of motivations underlying the use of negotiated procedures. This often relates to the complexity of what is being commissioned and the many possible variants that may need to be considered. competitive dialogue Frameworks agreements and other were not present at all.

Make PP more cost effective

The PPPs require a large effort in staff costs. The costs rise if the internal organisation is not set up efficiently. According to the baseline analysis that was carried out in the scope of this documents, it has been proven that each department of the city administration is conducting their own PPPs by the staff that is employed in the appropriate department. The staff that is conducting those PPPs is conducting a limited number of process in year. This results in decreased experience and expertise of the staff. As a result of this fact, a discrepancy in the procedures is visible. Each department is conducting the PPPs in a slightly different way, especially the simple procurement processes. This results in higher staff efforts across the City administration, increased probability of procedural mistakes that can also result in increased costs.

Make an impact on the local economy

The involvement of the local economy has always been an unfavourable issue especial for the local authorities that have to be very careful when conducting the public procurement law. On the other hand, the right and the obligation of the local community is to purchase goods and services that are the best value for money. Even though almost all public tenders for the simple procurement process were provided/delivered by local companies, almost all of the PPPs were won by companies outside Koprivnica. This is due to the fact that large scale tenders, like utilities and energy services for the City of Koprivnica and its institutions, can be only provided by large national based companies. These kinds of contracts usually in the end do not result from additional benefits for the local economy except from the lower cost that has to be paid from the public sources. Following the introduction of the new Public procurement law which requires the usage of different criteria's in order to carry out PPPS that are not purely focused on the lowest price, a window of opportunity is being opened for the usage of criteria's that could help the local economy. From environmental criteria, for example, using goods that need less CO2 in order to be produced and delivered to the final destination, social criteria which imply the involvement of staff (for example, for construction projects) from the local area in order to keep the costs of labour force down.

The local economy i.e. economic subjects from the area of the City of Koprivnica also, have to be regularly informed about the procurement activities of the City of Koprivnica and its institutions.

Measures

In order to achieve the goals of the network and this particular IAP, a number of measures are planned. These measures have to be in line with the goals of this IAP and in the end, produce clear and tangible results. The goal of these measures in a whole is to "modernise" the system of procurement in the City of Koprivnica, make the procurement processes more transparent, make the local economy more present and to increase the capacity of the City of Koprivnica administration in order to tackle the mentioned activities.

The proposed measures are as follows;

Development of a joint public procurement plan of budget users and City owned companies

The goal of this procurement plan is to ease the access of potential bidders to the procurement plans of budget users of the City of Koprivnica, City owned companies and other subjects that are connected with the City of Koprivnica. The Plan itself is providing information above the legal requirements, since there is no obligation that connected public procurement users should release such a document.

The joint procurement plan is going to be a summary of all procurement plans of the following users;

- City of Koprivnica
- MUC Komunalac
- All educational institutions (elementary schools, kindergartens, specialized educational institutions....)
- Companies owned by the City of Koprivnica

Through this Plan, the visibility of the procurement needs of all City of Koprivnica connected subjects will present. A notification regarding the presence of the joint procurement plan will be sent through different channels to the local economic subjects.

The targets of the measure I. are:

- to increase the number of joint procurements by at least two in comparison with number of joint procurements in the baseline year.
- Increase the visibility of the public procurement needs and measure it through average number of bidders.

The measure will be carried out by the responsible administrative department

Development and implementation of an e-procurement system for simple procurement

E-procurement of public procurement processes above the threshold are a requirement in Croatia and have to be conducted through an online procurement system called “Elektronički oglasnik javne nabave RH” www.eojn.hr. The use of this system so far has shown that the processes conducted by this system were extremely successful, with drastically shortening the time and effort to conduct such a process.

The screenshot displays the homepage of the "Elektronički oglasnik javne nabave RH" (Electronic Public Procurement Portal). The header includes the logo "e-oglasnik" and the text "Elektronički oglasnik javne nabave RH" alongside the logo of the "NARODNE NOVINE". A navigation bar contains links for "NASLOVNICA", "OBJAVE JN", "OBJAVE KONCESIJA", "ZAKONSKE KLAS.", "REGISTRACIJA", "JEDNOSTAVNE OBJAVE", and "PRIJAVA". Below the navigation bar, the main content area is organized into several sections: "Objave javne nabave" (Public Procurement Announcements) with a list of dates and days; "Objave koncesija" (Concessions Announcements) with a similar list; "Objave jednostavne nabave" (Simple Procurement Announcements) with a list of dates and days; "Tražilica objava" (Announcement Search); "Korisničke upute" (User Guides) with a question mark icon and a link to "BAZA ZNANJA – UPUTE (help.nn.hr)"; "Služba za korisnike" (User Service) with a telephone icon and contact information including working hours, phone number (01) 6652-899, email (e-pošta: eojn@nn.hr), and a contact form; "Korisni linkovi" (Useful Links) with links to "Uprava za sustav javne nabave", "Državna komisija za kontrolu postupaka javne nabave", "Koncesije i JPP", "Tenders electronic daily – Dodatak Službenom listu EU", and "TED"; "e-ESPD – elektronička Europska jedinstvena dokumentacija o nabavi" (e-ESPD – electronic European Single Procurement Document); "Osnovne informacije vezane uz primjenu »ZJN 2016«" (Basic information related to the application of »ZJN 2016«) with links for "Upute za naručitelje" (Instructions for buyers) and "Upute za ponuditelje" (Instructions for suppliers); "e-nabava" (e-procurement) with a brief description of the system and a small icon of a computer monitor; and "Informacije" (Information).

Table 11: EOJN interface

The same e-procurement system is also available for the simple procurements, but the usage of this system is not for free. Therefore, the plan is to develop an internal e-procurement system that will be used for the purpose of conducting simple procurements and will be used for data gathering regarding simple procurement processes.

The goal of this system is to standardize the simple procurement processes across the public administration and its connected companies, make the time needed for preparing the process shorter and increase the amount of data available for analysis of the procurement processes on local level.

The targets of the measure II. are:

- decrease the time needed for conducting the process from, in average, max. 7 days to max. 5 days (excluding time needed for delivery of the tenders)
- in a 6 months period from the date of implementing the system, 100% of the simple procurement processes will be conducted by this system, up from 0%.

Improve communication between the city of Koprivnica and the local companies in terms of public procurement

The communication between the local companies that present the local economy and the city authority was rather poor due to the reasons that were listed in the previous section. The most important reasons are as follows;

- low knowledge on public procurement resulting in the lack of awareness of the possibility of communication between public sector and potential bidders
- potential fear of business sector representatives in public procurement processes

In order to improve the communication of between the City of Koprivnica and the local businesses, at the beginning of the year an event will be organised by the City officials where the Plan will be presented to the interested public (including the business sector).

The target of this measure is to:

- increase the visibility of the public procurement needs of the City of Koprivnica. This will be measured by the number of SMEs participating at the event. Baseline value is 0.

Establishment of an administrative office for public procurement.

The City of Koprivnica administration, so as all public administrations in Croatia are divided into administrative departments. The administrative departments are conducting activities that are in the scope of their work, ranging from finance till social affairs.

The City of Koprivnica has four major administrative departments, responsible for finance issues, construction, spatial planning and for public authority issues. Procurement processes for each of the departments have been conducted individually, by staff that is employed in each department. In most of the cases, this refers to the simple procurement processes. Large, public procurement processes are being conducted by persons that have a certificate in public procurement, a document that is obliged by law for those who are leading a public procurement process. There is a number of people available who own such a document, and are present at many of the public procurement processes of the City, but their work is partly devoted to public procurement.

Due to this layout, there is a large number of people that can conduct public procurement processes, but in the end they are not so specialized since they cannot fully dedicated themselves to the task.

Therefore, the measure is to establish a administrative department with administrative staff that is fully dedicated to leading the procurement process, both below and above the threshold procedures.

Increasing the span of data regarding the companies that are participating at public procurement processes.

The lack of data on companies that have participated, directly, through offering their bids on concrete tenders and indirectly, through downloading the tender documentation and by expressing their interest to participate in the tenders, is a major obstacle in producing high quality analysis and planning documents. In other words, in order to make right decision that will improve the procurement process in Koprivnica, we have to have understandable data.

Data collection will be directed at two subjects – the business that participate at the procurement processes and the outcomes of the procurement process. The measure is closely connected with the implementation of the e-procurement system. Since e-procurement will be implemented in Koprivnica (for simple procurements), every business subject that will participate in the tender process, directly or indirectly, will have to respond to a questionnaire in which they will give some basic data on the company, like, number of employees, size of the company, revenues, profit, debt etc.

The data will be used, together with the other data on the procurement processes themselves (like types of procurement, value, some specifics etc.), for developing analytical documents needed for making planning documents for the future procurement processes in Koprivnica.

Conclusion

Public procurement in Croatia has always been a matter of discussion due to its importance in the national GDP and the size of the public sector. Croatia, still has a large public sector and a large number of public procurement users. On top of that, public administration did not go through a serious reform in the last 20 years, making it a very non-efficient and bureaucratic system.

The research done in the scope of this document showed that the procurement system of the City of Koprivnica is, in comparison with other Croatian cities, well developed and that it, makes a great contribution to the local economy without any planned approach.

The negative sides that have been recognized in this document are the slow and unnecessary bureaucratic system that is a major obstacle in implementing new, innovative procurement processes and that indirectly have a certain purpose.

Measure presented in this document will help to overcome these barriers, while satisfying the legal framework of the Croatian procurement system.

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