

Information on the overall statistical evaluation of the public procurement process in 2005

With the accession of the Slovak Republic to the European Union, increasing emphasis is being put on monitoring the handling of public finances, not only in terms of funds from the national budget of the Slovak Republic, but also from the budget of the European Union allocated to Slovakia pursuant to structural funds and the Cohesion Fund. As such a substantial volume of these funds is, based on European directives, realised by public procurement proceedings, the public has to be informed regularly via the media about major purchases and investments in this sphere in the interest of maintaining transparency and effectiveness. The Office for Public Procurement (hereinafter "the Office") prepares annual statistical evaluations of public procurement for the purposes of the Slovak Government and European Commission. A report on the annual statistical evaluation is always presented to the Government in May of the given year for the preceding evaluation period.

The Office prepares statistical evaluations based on national legislation being gradually adapted to conditions arising from European directives. Therefore the statistical evaluation for the period 2005 was prepared in line with in 2005 applicable act, the Act No. 523/2003 Coll. (... on Public Procurement and on the amendment of the Act No. 575/2001 Coll. on organisation of the activities of the Slovak Government and organisation of central state administration, as amended - hereinafter "the Act") and the Decree of the Office for Public Procurement No. 575/2003 Coll. (... on the content and specimens of notices used in public procurement).

Statistical evaluation of the public procurement process was elaborated on the basis of data given in contract award notices in 2005 compulsory sent by procurers to the Office. These notices were then published, or not, according the currently applicable legislation, in the Journal of Public Procurement (hereinafter "the Journal"). The share of unpublished notices was 3.2 % of the total number of notices submitted to the Office.

Contract values of all relevant contracts, apart from subsequent contracts concluded on the basis of framework agreements (... as per § 66.2.a of the Act), were included in the overall statistical calculations. Subsequent contracts were then evaluated and are stated separately. The Office was not provided with data on contracts concluded on the basis of simplified public procurement procedures, neither were such included in the statistical evaluations as per the Act. This concerns so-called below threshold procurement with higher price and below threshold procurement with lower price, i.e. purchases of goods and services of the contract value of up to SKK 500,000 excl. VAT and individual purchases of works up to SKK 2 million excl. VAT.

Concerning the amount of contract award notices, in the evaluated period the Office processed a total of 12 997 notices sent by contracting authorities and contracting entities (hereinafter both as procurers), including 939 notices on cancellation of purchase. Compared with the previous year, the number of notices increased by 1 893 (7,8 %). A total of 12 058 tender proceedings ended in the concluding of contract, whereby in 4 862 cases this concerned the concluding of a subsequent contract of the framework agreement. Based on completed public procurement procedures (including 996 framework agreements, but without subsequent contracts), 7 196 contracts were concluded by total value of SKK 104,771 billion (Annex 1).

Concerning the number of procurers, a total of 1 596 procurers participated in the process of public procurement in 2005 (188 more than in 2004).

On the part of applied public procurement methods, in the monitored period the most used method was the open procedure, which was used in the case of 3 862 (53,7 %) tender proceedings, and based on which contracts by total value of SKK 54,073 billion were concluded. Negotiated procedure without publication was used in 2 826 cases (39,3%) by total value of SKK 39,481 billion. For comparison, in the preceding year (2004) negotiated procedure without publication was used in 2 812 tender proceedings (41,1 %) by total value of SKK 23,852 billion. It means that a slight drop of 1,8 % in the overall percentage of using this method was registered in 2005 in comparison to 2004.

In terms of the subject of procurement, almost half of completed tender proceedings (3 078, which is 42,8 % of total number) provided public procurement of goods by total value of SKK 26,375 billion. Public procurement of services (2 173 – 30,20 %) in terms of financial volume came to SKK 28,541 billion and for works (1 945 – 27,0 %) it was SKK 49,855 billion.

Within the frame of joined procurement, seven framework agreements were concluded by total value of SKK 370 million in the 2005.

As part of the drawing of financial resources from EU funds, 678 tender proceedings were completed by total value of SKK 20,320 billion. In the same time period 186 tender proceedings were cancelled in this area.

According of procurer type, the “classic sector” made contracts by total value of SKK 73,249 billion (69,8 %), which corresponds to 5 111 tender proceedings (71,0 %) (Annex 2). “Utilities” made contracts by total value of SKK 31,522 billion (30,2 %) based on the 2 085 (29,0 %) tender proceedings (Annex 3). The following table compares the data of evaluated period 2005 with the data of previous period of 2004 expressed in financial terms and their respective percentage shares with selecting of procurers according their types.

Total classic sector and utilities				
Year	2005		2004	
Type of the procurer	Value of contracts	Share	Value of contracts	Share
	in SKK '000	in %	in SKK '000	in %
National authority	24 558 040	23,4	17 403 059	24,5
Regional or local authority	20 345 131	19,4	11 470 474	16,1
Body governed by public law	24 443 412	23,4	15 151 667	21,3
Association of legal persons	317 306	0,3		
Other authority	3 447 846	3,3		
Other subject	137 071	0,1	365 253	0,5
Classic sector	73 248 806	69,9	44 390 453	62,4
Utilities	31 521 979	30,1	26 723 852	37,6
Total	104 770 785	100,0	71 114 305	100,0

In terms of the country of origin of the tenderer, in 2005 foreign economic operators took part in 338 tender proceedings, what is 4,7 % of the total number of all completed tender proceedings (Annex 4). Compared with 2004 the number of tender proceedings was almost the same, but the financial value (SKK 7,895 billion) was almost double. Contracts were mostly concluded on the basis of negotiated procedure without publication, this in as many as 66,3 % of cases. Also 120 subsequent contracts were concluded by total value of SKK 674 million. As was expected, the most successful foreign tenderers were economic operators from the Czech Republic - 218 of them (64,5 %), with concluded contracts by total value of

SKK 4,654 billion (58,84 %). In the aggregate the “classic sector” concluded contracts with 137 foreign tenderers by total value of SKK 4,757 billion (Annex 5) and “utilities” with 201 foreign tenderers by total value of SKK 3,138 billion (Annex 6).

An overview of successful tenderers having their registered office abroad sorted by place of registered office into categories: European Union (EU), and other countries, is given in the table in Annex 4. We can see that in the category of foreign tenderers most contracts in 2005 (321 – 95 %), by total value of SKK 7,515 billion, were concluded with tenderers from EU member states.

In terms of the allocation of financial sources into the procedures above threshold and below threshold in line with selection according “European thresholds” laid down by European directives on public procurement, procurers used below threshold procedures in 6 691 (93,0 %) proceedings by total value of SKK 51,432 billion (49,1 %) in 2005. The “classic sector” made 4 722 tender proceedings (65,6 %) in below threshold procurement, which represents a total value of SKK 37,751 billion (36,0 %) (Annex 7) and “utilities” made 1 969 (27,4 %) tender proceedings by total value of SKK 13,681 billion (13,1 %) (Annex 9).

Above threshold procedures represented only 7,0 % of the total number of tender proceedings. They were applied in 505 tender proceedings by total value of SKK 53,339 billion (50,9 %), of which 389 (5,4 %) procedures by total value of SKK 35,498 billion (33,9 %) (Annex 8) were in the “classic sector” and 116 (1,6 %) procedures by total value of SKK 17,841 billion (17,0 %) (Annex 9) were in “utilities”.

The following table shows summary data on above threshold and below threshold public procurement.

Total classic sector and utilities						
Year	2005					
PP method	Above threshold		Below threshold		Total	
Procurers type	Values of contracts	Share	Values of contracts	Share	Values of contracts	Share
	in SKK '000	in %	in SKK '000	in %	in SKK '000	in %
Classic sector	35 498 171	33,9	37 750 635	36,0	73 248 806	69,9
Utilities	17 840 888	17,0	13 681 091	13,1	31 521 979	30,1
Total	53 339 059	50,9	51 431 726	49,1	104 770 785	100,0

According the subject of purchases, the above threshold methods were used mostly to procure services. Total number of 254 tender proceedings (3,5 %) were completed in this area, where the value of concluded contracts came to SKK 22,631 billion. Goods were purchased by 227 tender proceedings (3,2 %) by total value of SKK 12,672 billion and procurement of works was performed in 24 tender proceedings (0,3 %) by total value of SKK 18,035 billion. According the type of procurer, the above threshold proceedings were applied in the “classic sector” 206 times to procure services by total value of SKK 12,742 billion, to purchase goods 168 times by total value of SKK 7,883 billion and to order works 15 times by total value of SKK 14,873 billion. “Utilities” used the above threshold methods in 59 tender proceedings to procure goods by total value of SKK 4,790 billion, in 48 tender proceedings to procure services by total value of SKK 9,889 billion and to procure works in 9 tender proceedings by total value of SKK 3,162 billion.

The most frequently used type of procedure in above threshold public procurement was the open procedure with 258 completed tender proceedings by total value of SKK 29,43 billion. From this, foreign tenderers were successful in 45 tender proceedings and concluded contracts by total value of SKK 6,067 billion. In the “classic sector” foreign tenderers were successful in 24 tender proceedings by total value of SKK 4,112 billion. The most common successful foreign contractual partners were tenderers from the Czech Republic, which were selected in 46,8 % of tender proceedings by total value of SKK 3,33 billion. In “utilities” contracts were concluded with tenderers from abroad by total value of SKK 1,955 billion based on 21 above threshold tender proceedings. Even in “utilities” the most successful tenderers were from the Czech Republic, this in 14 tender proceedings (66,7 %) by total value of SKK 1,390 billion (74,7 %).

At the end of 2005 the sending of notices using an on-line system of the Office via the internet was put into trial operation. This should greatly contribute to improving the acquired input data to statistical calculations.

Finally, we can say that in 2005 there was a greater share of more competitive methods and the share of using negotiated procedures without publication decreased.

Accounting for stricter conditions in the use of negotiated procedure without publication in the new Act No. 25/2006 Coll. on public procurement and on the amendment and supplementing of certain laws, which is effective from 1 February 2006, a further reduction in the use of this non-competitive procedure is expected.