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PROSPECTS FOR THE DEVELOPMENT OF ELECTRONIC PUBLIC PROCUREMENT IN UKRAINE

This article is devoted to the study of the general state of functioning of electronic procurement in Ukraine in modern conditions, the toolkit of the electronic procurement analysis module in the Prozorro system and, in particular, the changes that occurred after the introduction of martial law. The essence of the concept of public procurement and the prerequisites for their occurrence are revealed. Public procurement is a huge market and a huge responsibility for the state. The market, which should provide free access to all state customers and any suppliers to open and transparent auctions. The state is one of the main participants in the economic process as a consumer of goods, works and services. Public procurement makes up a significant part of world trade flows, which can roughly reach 1 trillion euros per year. The success of the economy depends on the effectiveness of public procurement. The world experience of the implementation of public procurement and its influence on the implementation of this system in Ukraine were studied. It is difficult to imagine the development of the country's economy without a fully functioning transparent public procurement mechanism capable of ensuring seamless interaction between all representatives of the economic system. Prospects for the development of e-procurement in Ukraine were considered, existing problems were identified and ways to solve them were proposed. The use of electronic tools in public procurement offers a number of important advantages, such as: significant savings for all parties, simplified and shortened processes, reduced bureaucracy, transparency, more innovation, new opportunities for business by improving the access of enterprises, including small ones and medium-sized enterprises to public procurement markets. The system has been actively developing, and with the transition of Ukraine to a state of war, this process deepened and accelerated. Long-term plans for improving the work and developing strategies for Ukraine during the war and post-war period, for its reconstruction with the involvement of foreign investments and donor funds have been outlined.

Keywords: public procurement, government regulation, electronic procurement, electronic trading platform, electronic commerce, Prozorro electronic procurement system, public procurement, tender

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ПЕРСПЕКТИВИ РОЗВИТКУ ЕЛЕКТРОННИХ ДЕРЖАВНИХ ЗАКУПІВЕЛЬ В УКРАЇНІ

Дана стаття присвячена дослідженню загального стану функціонування електронних закупівель в Україні в сучасних умовах, інструментарію модуля аналізу електронних закупівель у системі Prozorro та, зокрема, змін, які відбулися після введення воєнного стану. Розкрито сутність поняття державних закупівель та передумови їх виникнення. Державні закупівлі – це величезний ринок і величезна відповідальність держави. Ринок, який має забезпечити вільний доступ усіх державних замовників і будь-яких постачальників до відкритих і прозорих торгів. Держава є одним із основних учасників економічного процесу як споживач товарів, робіт і послуг. Державні закупівлі складають значну частину світових торговельних потоків, які можуть приблизно досягати 1 трильйона євро на рік. Від ефективності державних закупівель залежить успіх економіки. Досліджено світовий досвід впровадження державних закупівель та його вплив на впровадження цієї системи в Україні. Важко уявити розвиток економіки країни без повноцінно функціонуючого прозорого механізму державних закупівель, здатного забезпечити безперервну взаємодію між усіма представниками економічної системи. Розглянуто перспективи розвитку електронних закупівель в Україні, виявлено існуючі проблеми та запропоновано шляхи їх вирішення. використання електронних інструментів у державних закупівлях пропонує низку важливих переваг, таких як: значна економія для всіх сторін, спрощені та скорочені процеси, зменшення бюрократії, прозорість, більше інновацій, нові можливості для бізнесу завдяки покращенню доступу підприємств, у тому числі малих одиниць та середні підприємства на ринки державних закупівель. Система активно розвивалася, а з переходом України на воєнний стан цей процес поглибився та прискорився. Окреслено перспективні плани вдосконалення роботи та розробки стратегії України у воєнний та повоєнний період, її відбудови із залученням іноземних інвестицій та донорських коштів.

Ключові слова: державні закупівлі, державне регулювання, електронні закупівлі, електронний торговельний майданчик, електронна комерція, електронна система закупівель Prozorro, публічні закупівлі, тендер

STATEMENT OF THE PROBLEM IN A GENERAL FORM AND ITS CONNECTION WITH IMPORTANT SCIENTIFIC OR PRACTICAL TASKS

In any country, public procurement is a huge market and a huge responsibility for the state. The market, which should provide free access to all state customers and any suppliers to open and transparent auctions. The state is one of the main participants in the economic process as a consumer of goods, works and services. Public

procurement makes up a significant part of world trade flows, which can roughly reach 1 trillion euros per year. The success of the economy as a whole depends on the effectiveness of public procurement.

ANALYSIS OF RESEARCH AND PUBLICATIONS

According to such Ukrainian scientists as Pavlova V. A. [1], Kiselyov M. [2] and others, digitalization of the sphere of public procurement is one of the ways of developing practical mechanisms for more efficient use of public finances of Ukraine. In the works of these scientists, a rather wide range of problems is covered, starting from electronic commerce to the strategic directions of digitalization of the public procurement process. The theoretical and normative basis of the research consists of the Laws of Ukraine, Resolutions of the Cabinet of Ministers of Ukraine, provisions, instructions, programs and other legislative acts on the organization of tender operations, the work of domestic scientists, namely: Zayets N. [3], Kanevsky H. [4], O. Shatkovsky [5]. But the rapid development of the electronic industry reveals new opportunities and prospects in this direction, which requires further study. With the introduction of martial law in Ukraine, the main document regulating activities in the public procurement system is Resolution of the Cabinet of Ministers of Ukraine No. 1178 of October 12, 2022, as amended [6].

In recent years, there has been a need to determine the current state and prospects in the development of electronic procurement, taking into account the introduction of martial law in Ukraine.

FORMULATION OF ARTICLE GOALS

The purpose of the article is to study the current state of electronic procurement in the Prozorro system and analyze the main indicators over the past few years, as well as determine the prospects for the development of electronic public procurement in Ukraine.

OVERVIEW OF THE MAIN MATERIAL

The United States of America has the greatest global experience in the field of public procurement, as it is the first

were able to implement these system data [7]. Among the member states of the European Union, Austria, Belgium, Denmark, Italy and Sweden are the most effective. The public procurement market plays an important role in the EU economy. Every year, the public authorities of the EU countries spend about 14% of GDP (approximately 2 trillion euros) on the purchase of goods, works and services.

Until 2016, the sphere of public procurement in Ukraine was closed and corrupt. Information about the tenders was published by SE "Zovnishtorgvydav" in the newspaper "Bulletin of State Procurements" with a circulation of several hundred copies. The circulation of the newspaper was purchased by interested parties, and tenders could only be submitted in paper form. Of course, many of the proposals were "lost" on the way to the addressee. All the more, suppliers took part in tenders at inflated prices, which added unjustified costs to the state.

The name Prozorro was born in the comments on Facebook and was implemented by a team of volunteers. And the electronic procurement system itself was developed without a single penny of public funds thanks to the cooperation of the non-governmental organization Transparency International Ukraine, private electronic sites, the Quintagroup IT company, and the Ministry of Economy. The goal was to reform the procurement sector and make it transparent and accessible to everyone. From April 1, 2016, the Prozorro system became mandatory for central authorities and monopolies, and from August 1, 2016 - for the rest of the public customers. The field of public procurement is regulated by the Law of Ukraine "On Public Procurement", and the main policymaker in this field is the Department of Public Procurement, which is part of the Ministry of Economy. State enterprise "Prozorro" together with the Prozorro electronic system are 100% owned by the state of Ukraine and are subordinate to the Cabinet of Ministers.

Prozorro is an electronic platform that unites more than 35 thousand state and communal authorities and enterprises (customers of goods, works and services) and about 250 thousand commercial companies (suppliers).

Information about tenders enters the central Prozorro database and is made public at the same time on the prozorro.gov.ua portal [8] and all platforms through which customers and suppliers connect. This principle of building an electronic system is called two-level or hybrid.

The goal and strategy of Prozorro is to support a healthy ecosystem of public procurement, as well as a movement to maintain transparency, increase competition, build professionalism in procurement, develop and export the philosophy of e-procurement abroad.

The transition to an electronic procurement system allows you to obtain maximum savings and efficiency, openness and transparency at all stages of procurement, an objective and impartial assessment of competitive bidding proposals, prevent corruption and abuse, obtain full reporting and analysis of all state procurement.

In 2021, purchases through the system exceeded UAH 1.1 trillion or 18% of Ukraine's GDP. According to the results of 2021, it employed more than 40,000 customers and more than 260,000 suppliers. An effective purchase is one that allowed to buy a product, work or service on time, of the required quality at the best price. The effectiveness of Prozorro is usually measured by indicators such as the level of competition or relative economy. The latter in 2021 and 2022 is almost 6%. This means that the customer, having held a tender, received an average price 6% lower than the level of the expected cost.

In 2022, the question of comparing the effectiveness of purchases has become even more relevant. If in 2021 competitive procurement accounted for three quarters of the amount spent by customers (840 out of 1.1 billion UAH), in 2022 – due to the war – it is only 12% (100 million UAH out of 270 billion UAH). In reality, this share is even smaller, as customers were allowed to purchase goods, works and services with an expected value of more than UAH 50,000 without using the system and reporting such purchases only after the cancellation or termination of martial law.

In 2022, 160,000 competitive purchases worth almost UAH 300 billion took place in the system. And 33 thousand participants took part in them [9]. According to the estimates of experts from the Center of Excellence in Procurement of the Kyiv School of Economics, competitive procedures at Prozorro allow customers to save up to 10% of their money. For each market separately, the level of real savings varies from 1 to 20 percent of the prices of purchases made outside Prozorro.

According to the Prozorro Public Analytics Module [10], we can see the system's public procurement indicators. As can be seen from the graphs of fig. 1 with the beginning of the full-scale invasion of Russia on the territory of our state, there was a sharp decline in public procurement. After the implementation of the changes, the revival of the public procurement market can be observed by the end of the year.

In 2022, 2.8 million contracts for a total amount of UAH 484 million were concluded in the Prozorro public procurement system.

In three months of 2023, we see stabilization in the public procurement market. In total, since the beginning of 2023, 2,366 auctions have been successfully completed in the system, which helped to earn 897.6 million hryvnias for the budgets of various levels. By subject of purchase over the past two years, the top five include purchases related to:

- constructions and construction materials, auxiliary construction products (except electrical equipment) – 428.15 thousand (11.17%);
- blow food, beverages, tobacco and related products 377.78 thousand (9.86%);
- repair and maintenance services 280.89 thousand (7.33%);
- petroleum products, fuel, electricity and other energy sources 244.25 thousand (6.37%);
- electrical equipment, apparatus, equipment and materials, lighting equipment 193.73 thousand (5.06%).

By geography of public procurement customers for 2022–2023, Kyiv region (including the city of Kyiv) is in the TOP-3 - 427,889 purchases, Lviv region - 250,601 purchases, and Vinnytsia region - 226,887 purchases, closes the top three.

The introduction of martial law in Ukraine was a new impetus for urgent changes and adaptation to current conditions. These changes related both to the sphere of the legislative framework and to the bidding procedure itself. The number of documents required from the Supplier has been reduced, thus attracting more of them, encouraging competition and reducing price offers. The terms of the procurement procedure are also shortened, which in turn helps to carry out direct procurement faster.

The Prozorro system meets the requirements of operations financed by the World Bank. This is evidenced by the results of the assessment conducted by the World Bank. Also, the system is already used for reconstruction projects financed by international donor organizations. For example, the "Ukraine Recovery Program" (a soft loan of the European Investment Bank) also provides for the application of the national procurement rules for construction works, the cost of which does not exceed 5 million euros, for the restoration and development of social infrastructure.

The key plans in the field of public procurement for 2023 are the implementation of the new Strategy for the Development of Public Procurement in Ukraine for the coming years, since the previous one was implemented in 2016 and is planned for the end of 2022. The fifth stage of the strategy is related to the adaptation of Ukrainian legislation to the rules of the European Union in accordance with the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their member states, on the other hand. The main directions of the strategy will be to increase the convenience of procurement, the maximum digitalization of the entire process and the introduction of new approaches in procurement, special attention will be paid to defense procurement. Also in the perspective of integration with the Electronic Construction Management System, we are talking about the management of a ten-year restoration program worth hundreds of billions. Tenders for the purchase of goods and services for the implementation of projects will be held in the Prozorro system, which will perform the function of one of the modules of the digital reconstruction system.

CONCLUSIONS FROM THIS RESEARCH AND PROSPECTS FOR FURTHER EXPLORATION IN THIS DIRECTION

Thus, the use of electronic tools in public procurement offers a number of important advantages, such as: significant savings for all parties, simplified and shortened processes, reduced bureaucracy, transparency, more innovation, new opportunities for business by improving the access of enterprises, including small ones and medium-sized enterprises to public procurement markets.

In the last few years, the system has been actively developing, and with the transition of Ukraine to a martial law, this process deepened and accelerated. Long-term plans for improving the work and developing

strategies for Ukraine during the war and post-war period, for its reconstruction with the involvement of foreign investments and donor funds have been outlined.

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