

# Transparent Public Procurement Rating



## Implementation Assessment of the Ukrainian Public Procurement Legislation

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## Introduction

Public procurement regulation in Ukraine has evolved from 1993 (1993 - first Governmental regulation, 2000 – first Public Procurement Law) to the most recent amendments incorporated in the Public Procurement Law of 2016. During this period, the legislation has adapted many international standards and included a variety of changes recommended by international reports on legislative issues in the Ukrainian public procurement system. Nonetheless, it is recognized that more needs to be done to bring the legislation in line with best practices, including EU and other international standards.

The total value of public procurement in Ukraine represented 32% of GDP in 2012, 21% of GDP in 2013, approximately 15% of GDP in 2014, 12.6 % of GDP in 2015 and 12,1 % of GDP in 2016 (9,5 bln. EURO or 10,2 bln. USD or 273 bln. UAH). The declining trend reflects the recent economic downturn and a more recent curtailment in public expenditure.

The purposes of this **Assessment of the Implementation of PPL** are to describe real practice of the national procurement system functioning and to list observed issues as well as possible recommendations to resolve such issues.

The methodology involves desk-research of existing works on public procurement in Ukraine, analysis of public procurement legislative base, statistical analysis of procurement data. The assessment is focused around the Transparent Public Procurement Rating (TPPR) methodology and its core benchmarks which comprise the following:

1. Uniformity of the Legislative Framework
2. Efficiency
3. Transparency
4. Accountability and Integrity
5. Competitiveness and Impartiality

The assessment document will first describe the exiting public procurement system, ongoing developments and will then assess the performance of the system based on statistical data on public procurement. After identifying problems and issues related to the implementation of the PPL of Ukraine, recommendations will be provided on how to improve the system and hedge the problems.

## Public Procurement Legislation

A particular feature of legislative development throughout the period since the first law in 2000 has been the frequency of amendments and changes to the legislation – often to increase exemptions or to reflect the views of special interests. On the other hand, this trend also reflects a very active Parliamentary interest in the importance of public procurement legislation that, if constructively coordinated, can contribute to future strategic reforms.

The current public procurement legislation comprises both primary and secondary legislation. There is one main law covering public procurement issues:

- ***The Law of Ukraine “On Public Procurement” No. 922-VII of 25 December 2015 that has entered into force gradually from 1<sup>st</sup> April 2016 to 1<sup>st</sup> August 2016*** (the “New Public Procurement Law” – New PPL<sup>1</sup>).

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<sup>1</sup> The English text of the New PPL as well its comparative analysis with relevant EU procurement Directives is available here <http://eupublicprocurement.org.ua/wp-content/uploads/2016/03/PPL-No.-922-of-25-December-2015-ENG.pdf>

The secondary legislation consists of 3 acts of Government and 9 orders of the Ministry of Economic Development and Trade (the regulator) adopted as envisaged by the law.

The new PPL 2016 replaced the previous 2014 PPL - and its essentially paper-based procurement process (except for e-publication and e-access) - by a fully electronic procurement process (except e-contracting and e-invoicing that are not yet binding but are legally possible) with a separate emphasis on e-auctions as the only possible evaluation mechanism.

The most important provisions of the **New PPL 2016** are following:

- **Completely electronic way of all procurement procedures/operations and securing of free public access to practically all procurement information.**
- **A new (valid from 2014) definition of the procuring entities** (Article 1), which is similar to the relevant definition of the contracting entities (specifically in the concept of the bodies governed by public law) in the EU Directive 24/2014. The new definition reflects a new functional approach to contracting entities, i.e. the PPL establishes that meeting of public needs in general interest (the state and territorial community needs in the revised PPL) on non-commercial basis rather than reliance on the state financing will qualify a contracting entity. Previously the definition of procuring entities was based on another definition of the State funds, which somewhat artificially included not just budgetary allocations or extra-budgetary funds managed by the public authorities but also monies of state owned enterprises; this approach has been abolished now. The new definition also contains a reference to Utilities that is now covered by the notion of the procuring entities in the new PPL 2016. The new definition is the good attempt to transpose the definition from the EU directive into the national legislation of Ukraine and thus is a positive step towards approximation to the EU public procurement standards.
- A drastic **decrease in the number of exceptions** from the scope of the public procurement rules (art.2) – now there are only 18 exemptions, most of which are compatible with the EU and WTO GPA requirements. The previous versions of the PPL in March 2014 had 43 exemptions introduced during 2011-2013 under the influence of various political and corporate interests.
- **Only 3 procurement procedures** – open tender, competitive dialogue and negotiated procedure.
- **E-auction** (based on price only or multi-criteria) is sole evaluation method for tender procedures;
- **“self-declaration approach”** when each bidder mails own statement on its compliance and only awarded winner provides e-scans of its confirming qualification documents (except for open data available from free state e-registers);
- **some GPA related provisions**<sup>2</sup> like relevant time-limits for contacts covered by GPA;
- **introduction of centralized procurement bodies;**
- **Introduction of the so-called “authorized persons”** or professional procurement specialists as an alternative to the tender committee approach.

#### Road Map for implementation of Association Agreement

The Public Procurement Reform Strategy and Action Plan (Road-Map)<sup>3</sup> was approved by Resolution No. 175 of the Cabinet of Ministers of Ukraine on 24 February 2016 that addresses the development of the public procurement system in the period 2016 to 2022. The Strategy refers to the need to implement EU rules and standards as set by EU-Ukraine Association Agreement, to increase competition in public procurement and the necessity for professionalization and well-structured permanent training activities.

#### Problems observed:

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<sup>2</sup> Ukraine has officially become member of GPA WTO on 19 May 2016

<sup>3</sup> The English text of the Strategy is available here: [http://eupublicprocurement.org.ua/wp-content/uploads/2016/09/PP-Strategy\\_Road-Map\\_and\\_Action-Plan.pdf](http://eupublicprocurement.org.ua/wp-content/uploads/2016/09/PP-Strategy_Road-Map_and_Action-Plan.pdf).

1. Despite all recent positive developments, the 2016 public procurement law of Ukraine (with respect to necessity to implement EU-Ukraine Association Agreement) still requires further improvement and compliance with the EU Directives, in particular in terms of types of procurement procedures (3 in Ukraine versus 5 in EU), role and way of e-auction, additional flexibilities for utilities, introduction of restricted tender, etc.
2. The new Law entered into force in full 7 months ago but as for now (March 31, 2017) there are 12 draft laws on amendments registered in the Parliament and 1 more is to be submitted by Government in April 2017. It well reflects the mentioned problem of frequent amendments/changes or at least attempts to amend the procurement legislation. This frequency is detrimental to legal certainty in public procurement and can also provide a vehicle for retrograde change based on sporadic initiatives.
3. Such situation of dynamic legislative changes does not allow public authorities and market operators to accumulate much needed expertise. Moreover, there is from the outset an important lack of professional capacity at all levels in the public procurement system. Accordingly, there is a particular need for institutional development within public authorities, the judiciary, controlling bodies and contracting entities, as well as suppliers. Currently public tenders in Ukraine are mostly being organized and supervised by tender committees consisting of at least five selected employees of the relevant contracting authority and sometimes external advisors. The members of the tendering committees do not always have sufficient training, especially in terms of ensuring value for money in assessing bids and they face the continuing complications associated with the requirements of ever-changing legislation. With no standard for professional skills of procurement personnel or a mechanism to achieve this, there remains a serious risk of inadequate and potentially costly public procurement decisions across the Ukrainian system. The new PPL introduces the so-called “authorised persons” or professional procurement specialists as an alternative to the tender committee approach that enlarges need for more advanced training and quality assurance management of the procurement process.

## Introduction of E-Procurement

Concerning the introduction of e-procurement in Ukraine, the main activities were developing around the implementation and support of the so called *Prozorro* e-tendering system designed at the initiative of civil society organizations and financed by several private IT firms that agreed to participate in the project. The main novelty of this open source system is an e-auction facility that allows for online price bidding. The system ownership has been transferred to Transparency International Ukraine and then in very end of 2015 – to Ministry of Economic Development and Trade which currently manages the central database and monitors the implementation of tenders through the system.

According to the mentioned New Public Procurement Law 2016 the ProZorro system ([www.prozorro.gov.ua](http://www.prozorro.gov.ua)) became system of electronic procurements mandatory for all contracts above certain value thresholds (UAH 200,000 for goods/services and UAH 1,5 million for works).

Additional useful analytical and monitoring tools of the system are data in the BI module <http://bi.prozorro.org/> and new forum for issues/disputes DoZorro <http://dozorro.org/>. These 2 tools are administrated by Transparency International Ukraine ([www.ti-ukraine.org](http://www.ti-ukraine.org)) .

Now all procurement information is freely available online at the official procurement web-portal: [www.prozorro.gov.ua](http://www.prozorro.gov.ua), where relevant notices and tender documentation may be found and downloaded free-of-charge. In cases where the procuring entity amends tender documentation, all previous editions remain available in the system for access and downloading.

The web-portal also allows access to all documents submitted by bidders as well as the eventually concluded contract and any amendments to the contract. It is also possible to find all

payments/transactions between procuring entities and contractors by using the free service known as “007” (<http://www.007.org.ua/>).

The e-auction module is publically available for anyone at this link - [auction.openprocurement.org](http://auction.openprocurement.org), and this allows observation of any e-auction in real-time mode. Tenderers participating in an e-auction receive the link to the e-auction from their selected platform (where they are registered). By using this link, it is possible to bid in the e-auction. At the beginning of the e-auction, the system allows 5 minutes for each tenderer to see the number of tenderers and their initial prices, but without identifying the actual tenderers.

The e-auction is conducted in 3 rounds. The right of first price change is given to the tenderer with the highest initial price and it may reduce its price or stay with its initial price. Each tenderer then has 2 minutes for its own action (price reduction or no changes). After each round the system takes a 2 minute break to build a table showing the new reduced prices from the highest to lowest price - and then next round happens. After the third round, the final results of the e-auction are published with a simultaneous disclosure of the names/titles of tenderers.

If price alone is used as the award criterion, the e-auction is conducted through price reduction. If price is supplemented by other measurable evaluation criteria (terms of delivery, warranty period etc.), the so called 'adjusted price' will be used in the e-auction. This price is automatically calculated by the system on the basis of the weight of each criterion (set by contracting authority for each particular tender but in any case price cannot be lower than 70%).

#### Problems observed

1. E-auction as mandatory evaluation model deviates from EU standards as well as verification of technical compliance of bids after e-auction (in EU always before).
2. Technical reliability and functionality of the IT system as well as some (non-critical) deviations between technical solution of e-procurement system and provisions of the PPL.
3. Lack of skills among users.

## **Institutions that Make the Public Procurement System Work**

In summary, the institutional structure of the Ukrainian public procurement system comprises:

- Some 25,000 Contracting entities operating at central and local levels.
- The Ministry of Economic Development and Trade (MEDT) ([www.me.gov.ua](http://www.me.gov.ua)) as the State regulator in the public procurement sphere; performing also consultative, monitoring roles, the representation of Ukraine in international relations concerning public procurement.
- The Anti-Monopoly Committee of Ukraine ([www.amc.gov.ua](http://www.amc.gov.ua)) as the Complaints Review Body in the context of on-going public procurement procedures and also the enforcement agency in regard to bid-rigging.
- The State Audit Service ([www.dkrs.gov.ua](http://www.dkrs.gov.ua)) as a key control body carrying out planned and ad-hoc audits of compliance by contracting authorities with the rules for the disbursement of budgetary funds and the regulations for the use of state-owned and municipal assets.
- The Accounting Chamber ([www.ac-rada.gov.ua](http://www.ac-rada.gov.ua)) , exercising parliamentary control over the execution of the state budget, the efficiency of public institutions in the implementation of budgetary programs and the effectiveness of public procurement as a component of public finance management.
- The State Treasury Service ([www.treasury.gov.ua](http://www.treasury.gov.ua)) , carrying out operational control over payments to be made under public contracts resulting from public procurement procedures.
- Civil Society Organizations, exercising an increasing and important oversight role by monitoring public procurement and anti-corruption activities. In Ukraine, civil society organizations and their associations are entitled to free and full access to information about public procurement and can monitor these

activities. At the same time, the capacity of interested external parties to ensure transparency and integrity in the public procurement system needs further development. This will improve the system also by allowing civil society to play a significant role in the drafting of further legislation, in the promotion of the best international practices, in highlighting the anti-corruption dimension of the system and in reinforcing the effective monitoring of public procurement.

### Problems observed

1. Different interpretation of the legislation by review body and controllers and partially regulator.
2. Over-lapping with each other in control activities concerning the same procuring entities and the same procurement contracts.
3. Weak attention to internal operational control and to the prevention of violations of the public procurement rules; coupled with a lack of comprehensive analysis of procurement efficiency, including the performance of procurement contracts.
4. The general problem of a lack of coordination and joint action between control authorities and between control and law enforcement bodies together; including an unsatisfactory degree of exchange of information on completed control exercises.

## **Developments on Training and Professionalization of Public Procurement**

On-line public procurement training: The first on-line training in public procurement (“Training for ALL”) under EU support was launched in 2015/2016 to address a chronic need to ensure that up to 100,000 officials dealing with public procurement in Ukraine annually received some professional training.

The course commenced in May 2016 and is being delivered via the online education platform “PROMETHEUS” ([www.prometheus.org.ua](http://www.prometheus.org.ua)). Moreover, in the light of the success to date of this initiative, with EU’s support MEDT launched separate on-line training programme to include the business community (the relevant course is available since 14 February 2017 on the online education platform “PROMETHEUS”). A separate course is to be prepared for civil society organizations and activists by summer 2017 at another online platform - Vidkrytyi Universytet Maydanu ([www.vum.org.ua](http://www.vum.org.ua)).

Training-of-trainers and training programme for professional procurement specialists: Kyiv School of Economics (KSE) supported by EU and USAID developed the special comprehensive training programme covering both procurement topics and methodologies for teaching public procurement trainers in the course of 2017. The first intensive 2-weeks ToT has taken place in the second half of March 2017 in KSE. The KSE has also launched specific training programme for professional procurement specialists.

Codes of Conduct: Point 16 of the Public Procurement Reform Strategy/Road-Map envisages Codes of Conduct for all stakeholders by early 2018 by MEDT has indicated that it wishes to prioritize this in 2017 by developing model Codes of Conduct for contracting entities, tender participants and control bodies.

### Centralized procurement body(ies)

The development of centralized procurement in line with EU standards and its related structures is a high priority for the Government and is highlighted as an important target in the Public Procurement Reform Strategy/Road-Map. On 23 November 2016, the Cabinet of Ministers of Ukraine approved the Resolution to introduce the pilot on the establishment and operation of a Centralized Procurement Body (CPB) at central level. This Resolution authorized the MEDT to establish the State Agency “Professional Procurements” having role of CPB within the meaning of the Public Procurement Law. In January 2017, the MEDT had approved the list of 16 commodities (like paper, PCs, multifunctional printers etc.) for the pilot CPB project. By end of 2017 the results of the pilot will be analyzed in order to expand the new mechanism for appropriate cases.

## Statistical Indicators Showing System Developments in Figures

Drastic changes in the procurement system introduced in 2016 made it extremely difficult to assess the effectiveness of the overall procurement system in statistical terms. It is caused by simultaneous co-existence during 2016 of two public procurement laws (previous law “On making state procurements” was applied by 1<sup>st</sup> September 2016 and new law “On public procurement” fully entered into force from 1<sup>st</sup> September 2016) and respectively 2 official tender databases – tender.me.gov.ua (“old”) and prozorro.gov.ua (“new”, after April 1, 2016).

Then, the structure of tender procedures has been also significantly altered. Three procedures (open tender, competitive dialogue and negotiated procedure) were gradually introduced instead of previous 5 procedures (incl. non-existing now “pre-qualification tender” and “price quotation”).

Despite these notable complications, the statistics for 2015 and 2016 is given below.

The total value of public procurement contracts conducted through tender procedures in 2015 equaled 192 billion UAH or 7,25 billion USD and in 2016 it was 232, 1 billion UAH or 8.76 billion USD (see Table 1), which clearly demonstrates growth in the use of e-tendering.

Nevertheless, the value of public procurement contracts concluded without procurement procedures<sup>4</sup> has been 111 billion UAH in 2015 or 4.19 billion USD and 109,8 billion UAH or 4.14 billion USD in 2016. Reduction of contracts without tendering procedures is one of the indicators of increasing the efficiency of the public procurement system, as the procuring entities are less inclined to avoid application of competitive procedures.

**Table 1. Total Value of Concluded Contracts through Procurement Procedures in 2015 and 2016**

	20	15	20	16
Tender procedure	In UAH, millions	%	In UAH, millions	%
Competitive procedures	107 700	56	157 240	67,75
Non-competitive procedure (negotiated procedure as titled in Ukrainian law)	84 700	44	74 867	32,25
Including:				
<i>Procurement of municipal utility services (water, heating, gas, electricity etc supply)</i>	53 300	28	50 430	21,7
<i>Procurement for defense purposes (those that are classified as secret)</i>	12 000	6,3	6 722	2,9
<i>Procurement of postal services</i>	1 400	0,7	774	0.35
<i>Other procurement</i>	18 000	9	16941	7,3
<b>Total</b>	<b>192 000</b>	<b>100</b>	<b>232, 1</b>	<b>100</b>

The value non-competitive procedures equaled 44% in 2015 and 32,25 % in 2016 that reflects very positive dynamic for reduction on non-competitive procedures. **It should be also emphasized** that significant part of non-competitive procedures is related to the procurement of municipal utility services or postal services

<sup>4</sup> Meaning contracts below value thresholds as set by the law as well as contracts exempted from the law.



(22,05 % of all procurement contracts or 67,3 % of non-competitive procedure in 2016) which are de facto and sometimes even de jure naturally monopolized.

Noticeable part of non-competitive tendering procedures was conducted for the purposes of the defense (almost 3% of all procurement contracts or 9 % of non-competitive procedure in 2016. It is obviously caused by the ongoing war in Eastern Ukraine.

**Average number of bidders** has been 2,9 for competitive tenders in 2015 while in 2016 this indicator was 2,45 bidders for procurement procedure that also counts under-thresholds voluntary e-auctions where 1 or 2 bidders are allowed. Reduction of average number is explained by different scope of calculation in 2015 and 2016, but in effect it also is compensated by notable raise in share of competitive procedures compared to non-competitive, as well as by another notable reduction in 2016 of contracts without procedures out of PPL that jointly promotes **more contract opportunities for business and respectively general higher competition in public procurement system.**

Finally some more figures from BI.Prozorro monitoring tool (as for March 31, 2017):

- **25040** – Number of procuring entities registered in the Ukrainian national e-procurement system Prozorro
- **91350** – Number of economic operators (bidders) registered in the Ukrainian national e-procurement system Prozorro
- **694 450** – Number of procurement procedures in the Ukrainian national e-procurement system Prozorro both covered by PPL and under-threshold contracts (not covered by PPL)
- **505,57 billion** – Initial value of tenders registered in the Ukrainian national e-procurement system Prozorro
- **17,68 billion** – Savings in tenders registered in the Ukrainian national e-procurement system Prozorro calculated as difference between initial value and awarded value. Comparing to initial value savings (economy) counts **3.5 %**.

**Indication of savings (or economy) is quite debatable and even controversial because calculation of savings may be done in quite different ways with different deepness of data analysis. Thus, on opinion of author of this report, the indicated above figure of economy is not very demonstrative or expository.**

## Problems Related to Public Procurement

### General Conclusion

Implementation assessment helped to define list of observed problems and respective recommendations. The conducted analysis of the reasons and sense of these problems witnesses that mostly they are not caused by quality of legislation that is high, but rather are caused by lack of knowledge, expertise, experience and skills of human recourses involved in the procurement system (first of all, procuring entities, economic operators, control bodies), as well as traditional inertia on institutional development that is slower then legislative development (latter is very dynamic in Ukraine).

With regard to the list of benchmark indicators, such as - “Transparency” and ‘Accountability and Integrity”, they are well provided by Ukrainian e-procurement system that is called Prozorro (“Transparent” in Ukrainian).

The list of problems below is structured through such indicators as “Uniformity of Legislative Framework”, “Efficiency” and “Competitiveness and Impartiality”.

One more important conclusion is that Ukraine has quite a detailed, carefully planned and politically adopted Strategy of Public Procurement Reforming (Governmental Resolution #175 of 2016). Implementation of this strategy should solve most of determined problems.

## Problems associated with “Uniformity of Legislative Framework”

1. Despite all recent positive developments, the 2016 public procurement law of Ukraine (with respect to necessity to implement EU-Ukraine Association Agreement) still requires further improvement and compliance with the EU Directives, in particular:
  - in terms of types of procurement procedures (3 in Ukraine versus 5 in EU);
  - Role and way of e-auction (in Ukraine e-auction as mandatory evaluation model deviates from EU standards as well as verification of technical compliance of bids after e-auction (in EU always before) and further development of e-procurement regulation (role of e-auction, introduction of e-invoicing and e-contracting);
  - Additional flexibilities for utilities;
  - Introduction of EU legal novelties (abnormally low price, variants, Life-cycle costs etc);
  - Outdated regulation of concessions/public-private partnerships in Ukraine that in EU belong to one legal family/concept of “public contracts”;
  - Introduction of more advanced qualification requirements including “financial standing”.

It is important to underline that these legislative amendments have more political value than practical.

2. Permanent risk/problem of frequent amendments/changes is dangerous in case of unexpected and unjustified exemptions from the scope of PPL. This frequency is detrimental to legal certainty in public procurement and can also provide a vehicle for retrograde change based on sporadic initiatives. Also such situation of dynamic legislative changes does not allow public authorities and market operators to accumulate much needed expertise.

Recommendation – elaboration and adoption in 2019 of the Code of Public Contracts covering public procurement and concessions/public-private-partnership as harmonized with relevant EU Directives. Adoption of such Code will stabilize legislative regulation of public procurement and will prevent sporadic amendments (in Ukraine amendments to any codes is more complicated and time-consuming process than amendments to ordinary laws (only separate dedicated draft law, 3 readings, longer procedural time terms, additional expertise).

## Problems associated with “Efficiency”

Here “Efficiency” is understood as efficiency of procurement process and efficiency received from procurement operation to reach “best value for money”. So problems observed in Ukraine in fact are quite usual for almost any country.

### Problems observed

1. Lack of skills/knowledge/experience among users of procurement system – seems to be the main problem of this indicator. Moreover, there is an important lack of professional capacity at all levels in the public procurement system.
2. Technical reliability and functionality of the IT system as well as some (non-critical) deviations between technical solution of e-procurement system and provisions of the PPL -- it is a permanent challenge related to any ICT system or IT solution.

3. Different interpretations of the legislation by review body, controllers and courts – in many cases this problem has subjective context based on lack of knowledge or even intentional non-integrity (administrative pressure, corruptive racketeering).
4. Weak attention to internal operational control and to the prevention of violations of the public procurement rules; -- coupled with a lack of comprehensive analysis of procurement efficiency, including the performance of procurement contracts where many violations or mistakes. Focus of control is usually put purely on procurement procedure and after its completion that does not facilitate on prevention as well as ignores contract performance evaluation.
5. The general problem of a lack of coordination and joint action between control authorities and between control and law enforcement bodies together; including an unsatisfactory degree of exchange of information on completed control exercises – also typical issue in many countries that may be explained by subjectivity and even professional jealousy of top-management of the bodies.

Recommendations:

1. Continuation of Permanent and different training opportunities and programs;
2. There is a particular need for institutional development within public authorities, the judiciary, controlling bodies and contracting entities, as well as suppliers. Currently public tenders in Ukraine are mostly being organized and supervised by tender committees consisting of at least five selected employees of the relevant contracting authority and sometimes external advisors. The members of the tendering committees do not always have sufficient training, especially in terms of ensuring value for money in assessing bids and they face the continuing complications associated with the requirements of ever-changing legislation. With no standard for professional skills of procurement personnel or a mechanism to achieve this, there remains a serious risk of inadequate and potentially costly public procurement decisions across the Ukrainian system. The new PPL introduces the so-called “authorized persons” or professional procurement specialists as an alternative to the tender committee approach that enlarges need for more advanced training and quality assurance management of the procurement process.
3. Simplification and reduction of external control activities (less activities, e-monitoring, automatic risk indicators) with focusing on support of internal audit and preventive monitoring. Reduction of external control also envisages limitation of control competence of State Security Service and Prosecuting Office.
4. Expanding of centralized procurements bodies/practices and framework agreements for more professional operations of aggregated contracts with less mistakes.

## Problems associated with “Competitiveness and Impartiality”

Problems observed within this indicator concern barriers and demotivating factors for business to participate in public tenders.

Problems observed

1. Lack of information and skills on how to participate in public tenders;
2. Different complications on obtaining of confirming qualification documents from numerous authorities (absence of bankruptcy, tax and social security debts etc);
3. Delay of payments in public contracts.

Recommendations:

1. Introduction of “single window” e-service for obtaining of confirming qualification documents from different authorities at one point/database;
2. Trainings for business, help desks services and dedicated public procurement guidelines for SMEs (e.g.

*“How to sell to the State”, “How to complain if you bid for public contracts” etc.).*

3. To improve communications of the public sector (including contracting authorities and State bodies) with the SME sector by regular activities such as market consultations, conferences/workshops/round-tables in order to increase awareness about public procurement opportunities and processes. This is extremely important at a time of dynamic change/reform in the legal framework;
4. To resolve the issue of late or non-payment in public sector by means of amendments to the Budget Code and the Commercial Code in order to:
  - Introduce a clear maximum period of payment for procured goods and services (for example, not later than 30 working days);
  - Secure financial sanctions for late payments;
  - Allow flexible payment schemes (advanced and/or interim payments) for certain cases;
  - Allow direct payment from contracting authorities to sub-contractors.