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EXPERIENCE OF REGIONAL PARTICIPATION OF PRIVATE BUSINESSES IN THE PUBLIC PROCUREMENT SYSTEM

Keywords: tender, ProZorro, public procurement, public administration reform, system, companies.

Public procurement is an area that needs the highest expenditures, aimed at providing the population with everything needed and for the proper functioning of the state as a whole. High volumes of procurement involve a significant flow of funds, which increases the risk of abuse to enrich violators. Since the state is the largest consumer of products, services and works, it must be regarded as a full-fledged market entity that forms the mechanism of public procurement.

We will use an information approach during the study that will allow us to investigate large arrays of information flows. And to study the internal and external relations of the object of study, we will use simulation.

Competitive procurement is the main procurement mechanism for goods, works and services for government needs in most countries of the world. Competition procedures are governed both by legislation and by the recommendations of various bodies or public organizations. In the world practice, certain mechanisms are used to organize procurement for budgetary funds for public needs. The most advanced and most commonly used procurement method involves all interested suppliers and contractors who meet the qualification requirements. The latter are published in a procurement notice and, as a rule, the contract is awarded with the lowest price. In almost all the countries studied, it has the name of open or public procurement (bidding), except Canada, where bidding is thus called an invitation to participate. Also, competitive bidding includes closed bidding, it those where only specially invited suppliers and contractors may participate in the tender [3].

Implementation of the public procurement reform in Ukraine began in 2014 with the adoption of the Law on Public Procurement. The main innovations are: a law that reduced the list of grounds for using uncompetitive procedures, adapted procurement procedures to European practice, and reduced the list of cases (from 44 to 10) that are not covered by the law. On February 12, 2015, ProZorro Public Procurement System (ProZorro 1.0) was launched in test mode. The system allowed companies to submit their proposals electronically and involved a wider range of suppliers in public procurement. Initially,



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government agencies and state-owned enterprises made their own decisions about joining the system or not. Numerous seminars, trainings and online courses have been conducted to promote ProZorro among government officials and potential suppliers [5].

ProZorro has published a MEDIA Report on the Operation of ProZorro and Procurement Control Results for 2018, which has approximately 35,000 procurement organizers and over 210,000 procurement participants registered since the creation and end of 2018. 2,730 million purchases have been announced with an estimated value of almost 2,072 trillion UAH, of which: 458 thousand - above-threshold purchases with an estimated value of 1,626 trillion. UAH; 784 thousand - subordinated procurement with an estimated value of almost UAH 235 billion; UAH 1,488 million of contracts concluded in the amount of UAH 210 billion were published.

The difference between the amount of expected procurement value and the amount of winning offers is 7,64% or about UAH 65.5 billion in absolute terms. Quantity makes up 82% of all procured system purchases in the reporting year. Overall, the number of procurement announcements has increased by 22% compared to 2017. At the same time, the share of open bidding announcements increased by 38%, reports on concluded contracts increased by 36%. At the same time, the number of sub-purchase ads decreased by 14% [2].

In 2019 the Law of Ukraine "On Amendments to the Law of Ukraine" On Public Procurement "and Some Other Legislative Acts of Ukraine on Improvement of Public Procurement" was adopted, dated 29.08.2019, which introduced the following dramatic changes in public procurement:

- 1) responsibility from the tender committees is transferred to the authorized persons;
- 2) New tools for improving procurement efficiency: electronic catalogs that work on the principle of an online store;
- 3) the threshold of non-tender purchases has been reduced from UAH 200 thousand. up to 50 thousand UAH, and also under the new law it is necessary to report on all purchases, even from 1 penny;
- 4) grounds for refusal to participate have been changed;
- 5) the contract term has been extended;
- 6) new fines are imposed on the heads of customers and an increase in the amount of the fine for violation of the legislation in the field of procurement [1].

West Vector Private Company, in the course of its activity, concludes competitive and non-competitive contracts and is a user of the *ProZorro site*, as it is one of the parties to public procurement. During the whole period of its operation the company was a participant in 189 purchases, of which 170 won in the amount of 16682666,86 UAH. The company provides electrical services and the main consumers are village councils. Table 1 shows the main consumers of the enterprise for the last year.



Table 1

Major consumers of West Vector Private Enterprise in 2019

№	Name of counterparty	Number of contracts
1.	Rivne village council	18
2.	Zabolotsky village council	10
3.	Humanities department of the Zaboloska village council	5
4.	The Executive Committee of the Lutsk City Council	2
5.	Vishnevsky Scientific-Production Complex «Secondary School of I-III c. - DNZ »	2
6.	Kamin-Kashirsky production management of housing and communal services	2
7.	Lyuboml city council	2
8.	PJSC "Lvivoblenergo"	2
9.	Charukivska village council	2
10.	VUZHKG smt. Torchyn	1
11.	Gorkopolonka village council	1
12.	Zgoransky village council	1
13.	Knyaginivska village council	1
14.	Lutsk markets	1
15.	Municipal Institution «The Palace of Culture of Lutsk»	1
16.	Pidhaytsiv village council	1
Total		52

Source: [4] (accessed: 01.16.2020)

From the data presented in *Table 1*, we see that during the period under review, the company participated in 52 tenders for the proposals of 16 consumers. The majority of consumers are located in Volyn (96% of contracts), Lviv (4%) regions, which indicates the geographical affinity of the enterprise to the Western region. By participating in the tenders, the company also lost and was disqualified. Let us analyze the last period of work on the ratio of lost and won contracts (Fig. 1).

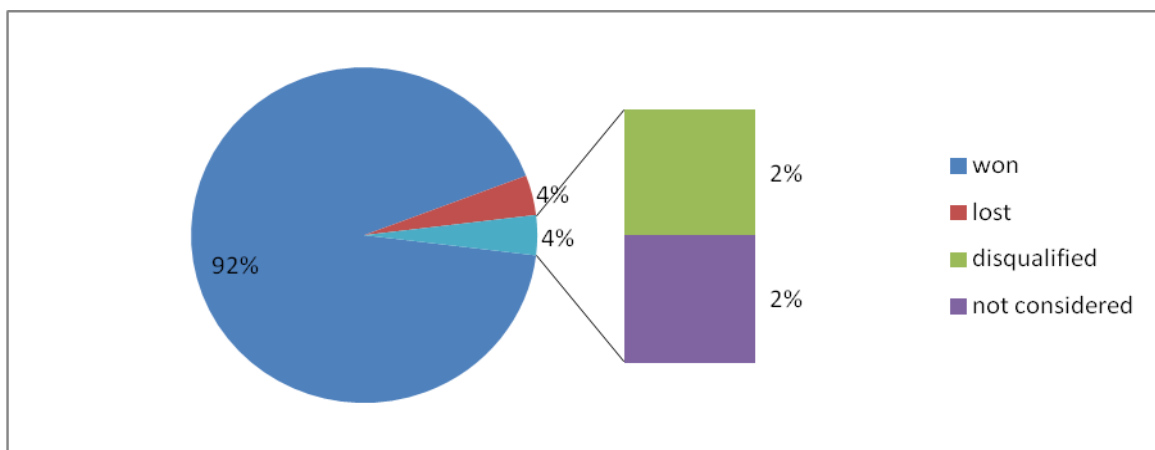


Fig. 1. Status of the contracts of PE "West Vector" for 2019

Source: [4] (accessed: 01.16.2020)



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The chart shows that 92% or 48 contracts were won, but 8% were not implemented. During the study period 2 contracts were lost to a competitor of KP "Lutksvitlo", which also took part in the tender. Also, once the company was disqualified and one offer was not considered, there could be different factors. One of the most common reasons for losing is the price, is a competitor has offered a price lower than the company itself. But this question is rather ambiguous, for example, there are cases when the tender conditions were prescribed in advance for a certain supplier and one of the enterprises to provide some requirements was much more expensive than others. There are a number of other measures that are being used to counter the public procurement market, which we will look at later. Returning to our company, we can conclude that the company is stable and has a good reputation, since the share of contracts lost is insignificant.

West Vector is one of the many enterprises involved in servicing state needs and shaping the public procurement market. And from the above example we can see that changes in the public procurement system in Ukraine in recent years are effective. With the system in place, all processes are transparent and this allows you to track public funds and prevent irregularities.

The current practice of ProZorro has shown that adopting the necessary laws and launching the system is not the end but the beginning of public procurement reform. To minimize corruption practices, the ProZorro system is constantly being improved. Thus, a library of specifications of goods and services was established, a minimum amount and time of purchase were established (expected cost - not less than 3000 UAH, tender duration - not less than two days), additional tools for procurement monitoring were implemented, payment control function was implemented and so on.

ProZorro 2.0 (launched April 1, 2016) allowed to contest the results of the tenders electronically. The system tool allows you to monitor the Internet not only the correctness of customers, but also the activities of competitors. During tenders, the system allows to consider not only the cost of the bids submitted by different suppliers, but also the non-price criteria: attractiveness of payment terms, term of the contract and warranty service, etc.

However, implementing the system alone cannot eradicate corruption completely: it cannot be eliminated either by regulatory acts, by enhanced criminal liability, or by modern IT systems. Bidders face problems that were typical of procurement practices in the past: registering single vendor terms, unjustified cancellation of bidding, or refusing a vendor (for example, due to "incorrectly documented documents", non-compliance with "tender conditions" or other formal reasons) professional level of employees responsible for procurement procedures, low level of competition associated with certain barriers to participation in tenders, in particular the need to obtain references in law enforcement agencies and low level of trust between business and public sector, etc. [5].



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During the operation of the proZorro system, a number of offenses were committed, some of them even criminal cases. Consider the most common methods to circumvent a transparent procurement system:

- public entities “hide” tenders in the system, for example, mistakes are made in the name or the tender belongs to an inappropriate category;
- a very short period of time is allotted for submission of a proposal. For example, Ukrzaliznytsia published a tender in the evening and signed a contract in the morning;
- the requirements contain discriminatory requirements, which only 1-2 enterprises that “need” the contracting authority meet in the tender;
- conducting “sub-threshold” auctions, is orders for products and services up to 200 thousand UAH. or works up to 1,5 million UAH. can be conducted in “non-competitive” mode. It was with the help of “bidding” bidding that the most overpriced prices were identified. For example, the Babinskiy village council of the Hoshchany district of Rivne region tried to pay for the “Asus X541SA with a manipulator” laptop exactly 199 thousand 999 UAH 80 cents, when in the store it costs in the area of 8 thousand UAH [7].

The Reform went into a stage of protection against attempts to discredit and gradually introduce the necessary improvements. In particular, the CMU and Parliament adhered to the Public Procurement Reform Strategy by rejecting draft law No. 21226a in a wording that involved the blurring of the rights of contracting authorities and authorized electronic sites, and 9 bills proposing to make exceptions to the Law. Bill No. 4738-e was also prepared, which establishes a new procedure for monitoring purchases by the controlling authority using risk indicators. A critical issue now is its adoption and implementation of risk indicators by DASU staff in practice [6].

Therefore, we can conclude that in recent years the public procurement system has undergone significant changes: the adoption of the law on public procurement, the introduction of an electronic proZorro system to reduce the number of violations. Today, we can observe that all measures taken by the state have proved effective and have reduced the possibility of theft of funds during the public procurement procedure. Today's system allows controlling not only public procurement, but also the actions of competitors, that is, it can also be considered as one of the instruments of competition regulation. Despite the positive effects of the implemented system, a number of problems remain beyond its control: registering single-vendor terms, refusing or disqualifying for formal reasons, low competition associated with certain barriers, and also low confidence in private business from the outside of the state. Today, an important issue remains the improvement of the system at the technical level and the improvement of the legislative framework in the field of public procurement.

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FORMATION OF THE STATE REGISTER OF ADMINISTRATIVE-TERRITORIAL UNITS AND THE POPULATION POINTS OF UKRAINE FOR THEIR IDENTIFICATIONS

Abstract. The thesis considers the feasibility of creating a state register of administrative-territorial units and settlements of Ukraine. It is determined that the establishment and functioning of the state register will allow to identify the same names of settlements or united territorial communities and rename them for identification. The grounds for renaming settlements in Ukraine have been submitted.

Keywords: state register, settlements, identification.

The problem of research and its relevance. Creating a state register of administrative-territorial units and settlements of Ukraine is an expedient and timely issue, not only for the sake of ordering but also for identification; because the created united