E-procurement in the Russian Federation
Federal law # 44-FZ dated April 5, 2013
(81 acts of the RF Government, 19 ministerial acts were adopted)
## Key novelties in Law # 44-FZ

<table>
<thead>
<tr>
<th>Law # 44-FZ</th>
<th>Law # 94-FZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ New competitive procedures: competition with limited participation, two-stage competition, request for proposals</td>
<td>✓ No</td>
</tr>
<tr>
<td>✓ A methodology to define initial (maximum) contract price (IMCP), price of contract with a single source</td>
<td>✓ No</td>
</tr>
<tr>
<td>✓ Bids evaluation – different combinations of price and quality criteria for various procurement areas have been set</td>
<td>✓ Bids evaluation – price has priority</td>
</tr>
<tr>
<td>✓ Anti-dumping mechanisms</td>
<td>✓ The problem of dumping</td>
</tr>
<tr>
<td>✓ Affiliation of contracting services, contract managers, members of committees is prohibited</td>
<td>✓ No</td>
</tr>
<tr>
<td>✓ A limit to single source procurement (not to exceed 2 million rubles or 5 %)</td>
<td>A lot of single source procurement, possible manipulations with structured nomenclature</td>
</tr>
</tbody>
</table>
### Key novelties in Law # 44-FZ

<table>
<thead>
<tr>
<th>Law # 44-FZ</th>
<th>Law # 94-FZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Unilateral refusal to perform under a contract</td>
<td>✓ Not clearly regulated</td>
</tr>
<tr>
<td>✓ A register of bank guarantees, direct debiting based on bank guarantees</td>
<td>✓ A market of fake bank guarantees</td>
</tr>
<tr>
<td>✓ “Professionalism of the Client” Approach</td>
<td>✓ No</td>
</tr>
<tr>
<td>✓ Life-cycle contract</td>
<td>✓ No</td>
</tr>
<tr>
<td>✓ Public consultations on major procurement</td>
<td>✓ No</td>
</tr>
<tr>
<td>✓ Regulation</td>
<td>✓ No</td>
</tr>
<tr>
<td>✓ Single Information System, Catalogue of goods, works, services</td>
<td>✓ Official web-site - zakupki.gov.ru</td>
</tr>
<tr>
<td>✓ Planning</td>
<td>✓ Procurement schedules (published in one out of three cases)</td>
</tr>
</tbody>
</table>
Goods, Works, Services: Top-10

- Civil works on construction of buildings and structures
  - 2014: 471.7
  - 2015: 728.3
- Civil works on construction of highways, railways, airdromes and sports facilities
  - 2014: 448.9
  - 2015: 567.3
- Services in architecture, design and engineering and related fields
  - 2014: 133.4
  - 2015: 338.6
- Pharmaceuticals
  - 2014: 149.3
  - 2015: 205.3
- Medical products, including surgical equipment, orthopedic devices
  - 2014: 125.6
  - 2015: 147.8
- Steam and hot water (thermal energy), services on transmission and distribution of steam and hot water (thermal energy)
  - 2014: 36.8
  - 2015: 117.1
- Services of credit organizations
  - 2014: 103.9
  - 2015: 107.7
- Services on real estate property facility management on a fee basis or on a contractual basis
  - 2014: 59.1
  - 2015: 76.1
- Services on real estate property acquisition and sale
  - 2014: 42.4
  - 2015: 64.5
- Civil works on construction of waterside structures
  - 2014: 38.9
  - 2015: 59.9
Methods used in public procurement

**METHODS OF PROCUREMENT**

- Competitive Selection
  - Auction
  - Electronic Auction
  - Open Competition
  - Competition with limited participation
  - Two-Stage Competition

- Single Source Selection
  - Request for Quotations
  - Request for Proposals

**Closed Methods of Selection**
(closed auction, competition, competition with limited participation, two-stage competition)
General characteristics

PROCUREMENT VOLUME IN 2014
5.3 trillion rubles (≈ 75.7 bln. euro)

NUMBER OF CLIENTS
249 thou. organizations

NUMBER OF BIDDERS
800 thou. companies

SHARE OF E-PROCUREMENT
57%

AVERAGE NUMBER OF BIDS
2,6
Electronic auctions

Share of electronic platforms:
- ZAO «Sberbank-AST»: 48%
- RTS-tender: 28%
- OAO «SETP»: 18%
- ETP MICEX: 3%
- AGZ RT: 3%

Total value of e-auctions in Q3 2015, trillion Rubles:
- 2014: 2.075 trillion Rubles
- 2015: 2.322 trillion Rubles
Advantages of e-procedures

1. Possibility to submit bids during 24 hours from any region

2. Simplicity, clarity, transparency, convenience

3. Better control opportunities (automated control)

4. Anonymous bid review, mitigation of collusion risk
Single Information System

Info ware

94-FZ
Official web-site

Public order placement, primitive controllers

Information is placed in electronic and graphic formats, individual structured documents

40 mln. hits per day

44-FZ
Single Information System in procurement

Automation of procedures employed in the contracting system
Planning, monitoring, automated control, procurement ID code, catalogue of goods, works and services.

Information in machine-readable format only
# Scope of the Single Information System

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement plans</td>
<td>A register of complaints, scheduled and unscheduled inspections, their outcomes and issued improvement notices</td>
</tr>
<tr>
<td>Procurement Schedules</td>
<td>Register of bank guarantees</td>
</tr>
<tr>
<td>Procurement and contract execution information</td>
<td>Information on procurement plans and schedules implementation</td>
</tr>
<tr>
<td>A “black list” of suppliers</td>
<td>Information on goods admissibility conditions, embargoes, constraints</td>
</tr>
<tr>
<td>Outcomes of procurement monitoring, procurement audit, procurement control</td>
<td>Register of contracts established by clients</td>
</tr>
<tr>
<td>Clients reports</td>
<td>List of IFIs</td>
</tr>
<tr>
<td>Other Information and Documents</td>
<td>A library of standard contracts and contract terms</td>
</tr>
<tr>
<td>Information on market prices for goods, works and services</td>
<td>Relevant regulations</td>
</tr>
<tr>
<td>Information on market prices for goods, works and services</td>
<td>Relevant regulations</td>
</tr>
</tbody>
</table>
Catalogue of goods, works, services

IMAGE

NAME OF PROCURED ITEM (GOOD, WORK, SERVICES)

REFERENCE TO CLASSIFIERS

OKDP 2
OKVED
OKEI
OTHER

General Info (attached files)
Regulation in Procurement
Equivalent GWS
Other Info

TECHNICAL SPECIFICATIONS

<table>
<thead>
<tr>
<th>Name</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Value</td>
</tr>
<tr>
<td>Name</td>
<td>Value</td>
</tr>
</tbody>
</table>

PRICE INFORMATION

<table>
<thead>
<tr>
<th>Price</th>
<th>Manufacture 1</th>
<th>Client 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>Manufacture</td>
<td>Client 2</td>
</tr>
<tr>
<td>Price</td>
<td>Manufacture</td>
<td>Client 3</td>
</tr>
</tbody>
</table>
International Legal Framework Development

- National treatment in public procurement since January 1, 2014
- Migration to e-procurement

By January 1, 2016 - development of international regime for public procurement in 11 countries

- Finalization of the public procurement regulation protocol in 2015
Public Procurement Monitoring, Q3 2015

Economy growth for the reporting period of 2015

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>186.6</td>
<td>217.4</td>
</tr>
<tr>
<td>Growth</td>
<td>+17%</td>
<td></td>
</tr>
</tbody>
</table>

Number of signed contracts

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,846,697</td>
<td>2,275,292</td>
</tr>
<tr>
<td>Growth</td>
<td>+23%</td>
<td></td>
</tr>
</tbody>
</table>

Number of Contracts with SBs and SONPOs

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>404,6</td>
<td>593,7</td>
</tr>
<tr>
<td>Growth</td>
<td>+47%</td>
<td></td>
</tr>
</tbody>
</table>

Total Value of contracts with SBs and SONPOs (bln. Rubles)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>215</td>
<td>330</td>
</tr>
<tr>
<td>Growth</td>
<td>+54%</td>
<td></td>
</tr>
</tbody>
</table>
Key objectives for 2016-2017

- Rollout of the Single Information System for procurement
- Preparation for the e-procurement implementation
- Develop (populate) the catalogue of goods, works and services for public and municipal needs
- Improve procurement control system
- Public procurement education reform
- Develop a system of reference prices for goods, works and services
- Bringing bank guarantees into e-format
Ministry of Economic Development of the Russian Federation

Department for the Contracting System Development

THANK YOU!

Mr. A. Pleskov
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e-mail: pleskov@economy.gov.ru