YOUkraine. Because ProZorro
Public procurement was a synonym of corruption

In 2015 Ukraine ranked #130 by Transparency International for corruption perception

(in a group with Cameroon, Iran, Nepal, Nicaragua, Paraguay, Nigeria, Guinea, Kenya, Laos, Papua New Guinea, Uganda)
Volunteers started working on PP reform

- Just after the Revolution of Dignity, a group of volunteers decided to start a reform in public procurement
- eProcurement system ProZorro seen as the key element of the reform
- At times a team of up to 300 people worked on ProZorro
General data

- Population – 44M people
- GDP – 177B USD
- Annual public procurement budget 11B USD
  - The threshold – 8K USD
  - Above the threshold – 6,0B
  - Below the threshold – 5,0B
- Quantity of procedures per annum
  - Above the threshold – 100K tenders
  - Below the threshold – 1,5M tenders
The target was defined precisely

Estimation of losses in public procurement (PP)

30B UAH (ca 1.1B USD) – conservative estimation of “corruption tax”

30B UAH (ca 1.1B USD) – losses caused by limited competition

At least 60B UAH (ca 2.2B USD) per annum – losses from corruption and limited competition
eProcurement system ProZorro was developed in a year

March 2014
Volunteers’ team setup

August, 2014
Georgians & concept review

September, 2014
ePlatforms & final concept; first “seeding”

April, 2015
Volunteers move into gov’t

June, 2015
First donor support

December, 2015
New Law on eProcurement approval

April-May 2014
First search & first concept

February, 2015
MVP development & launch

May, 2015
MinDefence & small procurements’ pilot

April, 2016
Law comes into force, system’s scale up
“Golden triangle of partnership” in the core

**Government:** “the rules”, professionalization and data storage

**Civil Society:** monitoring and control of procurement

**Commercial platforms:** CAs & suppliers acquiring and service
How ProZorro works

- Cross-access
- One reduction module
- Small fee per bid
- Open-source
Private electronic platform
ProZorro covers key procedures and functionalities

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<th>Procurement Procedures</th>
<th>eProcurement Functionalities</th>
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<td>ePayments</td>
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- ✓ available
- 🔴 being developed now
- ❋ to be developed later
All information is available for everyone

www.bi.prozorro.org

BI modules on Qlik are owned by Transparency International Ukraine
Special monitoring tool for PP professionals

Automatic screening of a number of factors allows to identify corruption-prone tenders.
What are advantages of ProZorro

For the government

• Low initial cost
• Low implementation and maintenance cost
• Higher suppliers competition due to involvement of existing pools of suppliers registered on commercial platforms
• Higher resistance to corruption due to distribution of risk among various actors
• Alignment with international legislation standards

For NGOs and business

• Better services, incl. training & legal support, due to competition among platform providers
• Additional statistical & risk-management tools
• Application of Open Contracting Data Standard
• Propensity to innovation
• Lobbing in the government
ProZorro credentials

• Ukraine won the **World Procurement Award** in the Public Sector nomination and **Open Government Partnership** Award in 2016

• ProZorro is a showcase & learning project of the **Open Contracting Partnership**

• ProZorro considered by **EBRD** as a recommended model for eProcurement reform

• **National Council of Reforms** recognized PP reform as the most successful one
Gov't becomes crucial for reform’s implementation...

...but not from the beginning

The law of diffusion of innovation

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<th>Pilot</th>
<th>Scale Up &amp; Implementation</th>
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<td>NGO</td>
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<td>High</td>
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<tr>
<td>Business</td>
<td>Medium</td>
<td>High</td>
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</table>
Reform is following startup phases

STARTUP DEVELOPMENT PHASES

Mission > Vision > Strategy
- Co-founder team formation
- What, to whom? & Why and how?

Lean Startup
- Minimum Viable Product
- Validate / Iterate (or pivot)

Scale Up
- Grow / Expand

Problem / Solution Fit
Vision / Founders Fit
Product / Market Fit
Business Model / Market Fit
We want to share our philosophy worldwide

- Open-source IT-system with cross-access
- “Everybody sees everything”
- Golden triangle of partnership

Source: ProZorro principles Wikipedia [https://uk.wikipedia.org/wiki/Prozorro]

One day a worldwide public procurement system can be developed bases on ProZorro principles
Hope to see you in Ukraine!
Thank you!

Web-portal
Prozorro.gov.ua
Analytics Module
Bi.prozorro.org
CA Support
Infobox.prozorro.org

Olexandr Starodubtsev
+38 067 2096250
olexandr.Starodubtsev@gmail.com