DISCLAIMER

The OSCE Secretariat bears no responsibility for the content of this document and circulates it without altering its content. The distribution by OSCE Conference Services of this document is without prejudice to OSCE decisions, as set out in documents agreed by OSCE participating States.
OPPORTUNITIES AND CHALLENGES FOR FIGHTING CORRUPTION IN PP AND IMPLEMENTING PUBLIC FINANCE CONTROL THROUGH DIGITALIZATION

“Promoting economic progress and security in the OSCE area through energy co-operation, new technologies, good governance and connectivity in the digital era”
Olga Anchishkina, Vienna, 28.01.2019

MAIN TOPICS

1. Russia’s experience in digitalization, big data collection, e-procurement in public procurement (PP)
2. Strong and weak points, potential and risks of digitalization
3. Recommendations for effective digitalization in PP processes and data collection
OSCE COMMITMENTS IN PUBLIC PROCUREMENT

- **Maastricht Strategy, 2003**
  on improving the management of public resources (2.2.8)

- **MC Declaration on Strengthening good governance, 2012**
  on effective management of public resources

- **MC Dec. on prevention of corruption, 2014**
  on openness and accountability in public policy and procurement

- **MC Dec. on strengthening good governance and promoting connectivity, 2016**
  calling PS to further promote integrity, accountability and cost effectiveness in public procurement processes

---

RUSSIA’S CONTRACT SYSTEM: 31–37 % GDP

- **SOE** $ 315 bln
- **PP** $ 88 bln
INTENSIVE CONTRACT ACTIVITIES

3.5 mln contracts for PP
290K procurement bodies
800K contracting officers

1.5 mln contracts for State Owned
Enterprises (SOE)
92K SOE

DIGITALIZATION AND DATA BASE STRUCTURE (1)

Planning stage
- 3-year procurement plans
- Annual purchase plans
- Price information requests
- Model procurement provisions for SOE
- SOEs’ procurement rules

Solicitation stage
- Invitations to tenders and bids
  including:
  - contract projects,
  - specifications,
  - initial maximum contract prices
- Obligatory open public debates on
  planning major objects purchasing
- Lists of products for SME biddings
- Lists of SOEs’ perspective needs in
  production of mechanical engineering

Performance stage
- Official PP contract register
- Official SOEs’ contract register
- Register of contracts for the
  overhaul of common property in
  apartment buildings
- PP Reports
- SOE Reports
- Library of model (standard)
  contracts, model (standard)
  contract provisions
DIGITALIZATION AND DATA BASE STRUCTURE (2)

**Monitoring, audit and control**
- Register of unfair suppliers and contractors
- Reports of control and audit bodies
- Reports on compliance with the requirements of the mandatory share of purchases from SME

**Legal information**
- Legal framework
- List of financial institutions
- Register of Bank guarantees
- List of international agreements on special trade regimes
- Training

**Additional information**
- Catalogue of goods (34K positions)
- Register of purchasing organizations
- Register of organizations (import substitution) for using the one source procurement procedures
- Register of qualified contractors (special work, licensed activity) 13K organizations
- Reports of producers on import substitution results
- Register of SOEs’ revenue information

---

CHALLENGES

**Distribution of tender price reduction**

"Dirty" initial data

"Clean" normalized data

kernel density estimation
HIGH POTENTIAL FOR PRICE CONTROL

[Graphs showing data for Bread, Pluck and liver, Baby food, and Pharmacy]

COMPLEXITY OF PP STRUCTURE

Procuring entities’ structure by contract value per year

[Graph showing complexity with categories: Liberalization Transaction costs reduction, Controlling Special instrument for integrity]

Quantity of procurement entities
Total value of contracts per year
DIGITALIZATION: STRATEGIC SHIFT

From separate, singular acts of digitalization in public procurement (e-processing, open and free information, open contracting and data collection, etc.)
to perfection of the public turnover of the whole digital cycle as a conjugation of three blocs:
- procurement processes,
- information processes, and
- special analytic instruments and public activities,
to make digitalization a high potential institute of public expenditures control, open and transparent public procurement, technical modernization