

**ЧУЖДЕСТРАННИЯ ОПИТ В ЕЛЕКТРОННИТЕ
ОБЩЕСТВЕНИ ПОРЪЧКИ**

Т. Ш. Абдиров, А. А. Адилбеков

**FOREIGN EXPERIENCE OF THE ELECTRONIC PUBLIC
PROCUREMENT**

T.Sh. Abdyrov¹, A.A. Adylbekov²

Received: 12.07.2017, Accepted: 03.02.2018

Abstract

Today one of the priority and significant places in modern state administration occupies organization and administration of public procurement without which cannot be a proper function of the economy in general.

Creation and development of the electronic public procurement system (EPP) is a natural sequel of the e-commerce on a global scale. Modern electronic network technologies applying to public procurement gives a significant advantage in comparison with traditional process, based on paper documentation.

Keywords: *procurement, electronic trade, web portal, information and communication technologies, law*

JEL Codes: *H 57*

Practice shows that one of the elements of the effective market economy organization, its development is the creation of electronic procurement systems. Therefore, electronic trading platforms are distributed around the world.

The undisputed leader in the sphere of information support of procurement for today is South Korea. In 2002, the Public Procurement Service, central procurement office of the South Korea, presented a fully integrated, end-to-end electronic procurement system called KONEPS (Strengthening Country Procurement Systems: Results and Opportunities, 29 Nov - 1 Dec 2011).

It includes the whole process of electronic procurement (registration, control, payment of the contract) and provides electronic exchange of

¹International University of Kyrgyz Republic, Doctor of Economics, Professor, tolonbek@list.ru

² Bishkek Academy of Finance and Economics, PhD candidate, a.adylbekov@mail.ru

documents related to procurement. KONEPS interacts with 140 external systems to exchange the necessary information and provides complete automation of the procurement process, including collection of data on vendor qualifications, delivery report generation, invoicing, electronic contract payment. In 2012, more than 62.7% of public procurement (US \$ 106 billion) in South Korea were sold using the KONEPS system. As of 2015, this system has registered about 45 thousand customers and 244 thousand suppliers. Also, in order to reduce the level of abuse in public procurement in South Korea, electronic certificates were integrated. In 2010, an electronic certificate with fingerprint recognition (Fingerprint Recognition e-Bidding) was developed and presented. In this system, a user can make a purchase for one organization only using a biometric access key. In this case, there is no database of user biometric data, since information with fingerprints is stored only in the electronic file of the supplier. Starting from 2010, the use of this system is mandatory for all organizations that make purchases using KONEPS. In 2011, the South Korean Public Procurement Service launched a new service that allows purchasing with smartphones using a mobile application.

Also, the largest experience of information support for public procurement has been accumulated in the United States of America. The first law on the regulation of the federal system of public procurement was adopted in the United States in 1992: according to it, the authority in procurement for public needs was given to the ministries of finance and defense (Antonov, Kiseleva, 2013).

The legal basis for the public procurement system in the United States is the Federal Acquisition Regulations (FAR) and the Defense Policy Acquisition Regulation Supplement (DFARS). These documents regulate the whole system of federal procurement and are characterized by a very detailed elaboration of principles and procedures (Antonov, Kiseleva, 2013).

The system of state purchases of the USA includes about 100 federal departments representing the state, economic and scientific and technical complexes. They annually place orders for goods and services directly through the central federal governance body, own departmental centers and 12 regional centers of the federal government, which are located in the largest cities of the country.

US legislation also regulates the activities of bodies responsible for the formation and use of information resources on public procurement. In particular, have been legislatively defined the credentials and functions of the bodies responsible for maintaining the information resources: the collection, processing and dissemination of procurement data, the provision and management of the informational platform of the procurement data system for federal needs and the Federal Register of Contracts. The Federal Procurement Data Center regularly publishes a guide to present these data, which contains:

- a complete list of reporting, as well as non-reporting departments;
- the necessary instructions for data collection in each agency;
- explanations (what data is required and how often they should be presented).

The US legislation was subjected to a serious audit as it's not sufficiently reflecting the increased role of the products procurement for public needs. As result the law on the improvement of federal acquisitions was created, which entailed the modernization of information policy and the issues of the formation and use of information resources in the system. Analysis also underwent on organization of public procurement procedures (by 1994 there were 889 common control laws and rules). Now the federal public procurement authorized department was granted greater independence in choosing the forms, methods and methods of procurement for the state's needs. The law significantly simplified the contract procedure for small purchases and simultaneously supported e-commerce. The term "electronic commerce" in this case means electronic technology for business activities, including e-mail, the Internet, electronic bulletin boards, payment cards, money transfers, virtual data exchange, etc. (Antonov, Kiseleva, 2013).

In accordance with the new law, it was necessary to abolish the paperwork and record keeping, as required by numerous rules and procedures, accordingly contract purchases for amounts of less than \$ 100,000 is allowed applying a simplified procurement procedure to 45,000 transactions for the amount of 3 billion annually.

Today every federal agency of America is obliged to form and maintain a computer database containing non secret information on all contracts with a unit value of over \$ 25.000 over the last five fiscal years. All agencies should send this information to the Central Information System of Federal Procurement. To

provide information on contracts, federal agencies are using standard forms of documents and unified data formats. In addition to the list provided, agencies should have electronic data identifying subcontracts for contracts totaling \$ 5 million or more.

The federal procurement information system provides information on 400-500 thousand contracts with a unit value of more than 25 thousand dollars and 17 million contracts with a small unit cost annually concluded by federal agencies (for a total of about \$ 200 billion). The central information system of federal purchases is the source of consolidated information on public procurement.

In Germany, electronic procurement of goods and services is successfully practiced. The system was so convenient and transparent that the German experience is already being planned to be adopted by other countries of the world.

How does the German system of electronic public bidding works. In different regions of Germany there is an own web portals. Registered users no longer need to run around various instances and fill out a bunch of applications. Entrepreneurs have online access to all the information they need about the announced tenders, they can download the necessary documents related to bidding, and also submit their own applications electronically. Also, entrepreneurs can conclude the necessary contracts through an electronic system.

Any user can be absolutely sure of the security of transactions. In Germany, this question is approached with all scrupulousness. The German electronic system of procurement through the Internet has been certified by the European Commission.

If there is a suspicion of collusion, then to get to the truth in Germany is very simple. The portal contains detailed information about all orders. Anyone has the right to go to court if there are any suspicions. And the court established a special simplified procedure for dealing with such cases. Verdict is necessarily published, which affects the reputation, so bidders try to avoid this.

Electronic public procurement in Germany fully justified itself. According to statistics, with its help it is possible to save up to 12 % of budgetary funds a year. Accordingly to public opinion, the electronic system of

public procurement is so transparent that it even raises the authority trust rating (Albano, Sparro, 2010).

Table 1. Savings of budgetary funds in some countries of the world

Country	The share of public procurement using Electronic trading systems in the total public procurement, %	Savings of budgetary funds
Sweden	20	100 mln. euro
Australia	15–20	130 mln. euro
Ireland	11	175 mln. euro
Norway	25	100 mln. euro
Russian Federation	0,2	17 mln. euro

(*) own collaboration

In Ukraine, in 2012 the introduction of the electronic reverse auction procedure (ERA) was introduced at the legislative level, the application of which was to become mandatory from January 1, 2013. Such purchases were to be conducted using electronic document circulation and electronic digital signature. However, for the implementation of the ERA mechanism, the necessary regulatory and legal acts were not adopted. On the initiative of public organizations, commercial sites, government agencies and entrepreneurs, the development and implementation of an electronic public procurement system for the full cycle was carried out. Such a system was called "ProZorro".

In 2015 on February 12, the team of the pilot project presented the result of its work on the implementation of this system of electronic public procurement. It should be noted that procurement through the "ProZorro" system was already conducted by the State Administration, the Ministry of Justice, the Ministry of Defense, and other state bodies and companies. Currently, the ProZorro system is formally owned by the international organization called "Transparency International". According to the information on the website of the project (www.prozorro.org), three electronic trading platforms are ready to provide services on access to the system, namely: Prom.ua, SmartTender.biz and E-tender.biz. Preparations for the connection of three more sites are coming to the end: NetCast, BMS Consulting and Newtend.

As noted on the website "ProZorro", the project is open. Therefore, new electronic platforms with the necessary functionality can be added to it. After completion of the pilot phase, the "ProZorro" system is transferred to the state administration for free. And after making the appropriate changes in the legislation, finalizing the means of communication and protecting the information of the preparation of the relevant state infrastructure, the system is extended to the entire public procurement in Ukraine in 2016.

It is clear that Ukraine cannot stand aside from the progressive practices of the world community. Despite the existence of certain factors directly influencing the speed of the introduction of electronic procurement (for example, access to the Internet), in any case the transition to an electronic format of procurement for Ukraine is inevitable, taking into account international experience the consequence of switching to the electronic form in public procurement brings transparency of spending of state funds.

All countries, without exception, that have embarked on the path of increasing the efficiency of public procurement with the help of Internet technologies, began with the publication of announcements about the upcoming tender simultaneously in printed and electronic publications.

In the United States, federal agencies are obliged to publish ads on bidding in Commerce Business Daily, and an electronic version of the ad is posted on the Internet.

In Mexico the official announcements of tenders in the public procurement system are published in the Federal Official Gazette and in Compranet, the website on public procurement.

In Australia, a specialized department was established called Department of Contract and Management Services (CAMS), which publishes on the Internet all information concerning electronic public procurement.

In Argentina, Canada, Colombia, Korea, announcements on public procurement are simultaneously published both in "paper media" and on the Internet. And often on the Internet ads appear with a noticeable advance as on the paper version, as there are no delays associated with printing the publication in the printing house, etc.

Kyrgyzstan is only learning to use information and communication technologies in electronic procurement in the B2G (business-to-government) segment, but

very quickly and successfully. This allows equalizing the chances of tender participants and minimizing corruption at the stage of selection of applications.

According to World Bank research, the use of e-government system allowed Korea to save \$ 4.5 million in 2006, Romania - \$ 178 million in 2002-2006, and Brazil cut 51% in operating costs and cut prices by 25.5 % for 2000-2006.

In fact, the model of electronic procurement is not fundamentally different from traditional ones, it only gives new objective tools for holding tenders. Firstly, on electronic platforms information about procurement is in the public domain. Secondly, it is constantly updated and constantly distributed among the participants of the tenders. Third, it saves time in finding a supplier or buyer. Information is delivered directly in the complied form immediately to both the supplier and the purchaser. The particular importance of electronic public procurement is in the simplicity of the tender documentation process.

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