Government, businesses and civil society partner on an E-procurement system that will help Ukraine save one billion dollar (*) per year
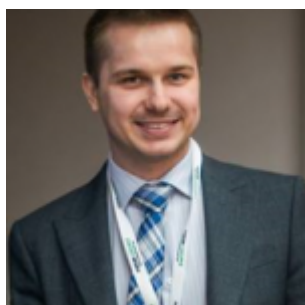
ProZorro is the name of the outstanding E-procurement reform initiative which sheds light on corrupt procurement practices in Ukraine. Launched in 2014, ProZorro has so far helped Ukraine save hundreds of millions dollars thanks to its capacity to make public procurement open, more competitive and equal to all tenders and bidders. All started with one simple desire to promote transparency in one of the most corrupt areas: public procurement. The initiative was developed in close cooperation among government, civil society and businesses.

During the 4th Open Government Partnership Summit held in Paris on December 7, 2016, ProZorro received the prestigious Open Government Global Award 2016 (**) that celebrates civil society initiative using government data to bring concrete benefits. Earlier on, ProZorro also won the World Procurement Award 2016 and was showcased as an exceptional example of electronification of public procurement by the Open Contracting Partnership.

Nguyen Thi Kieu Vien, Executive Director of Towards Transparency (TT) — the National Contact of Transparency International (TI) in Vietnam — took this opportunity to discuss with Mr. Viktor Nestulia — Director of Innovation Projects Programme of Transparency International Ukraine (TI-Ukraine) — the former host of ProZorro, about its successes and challenges.
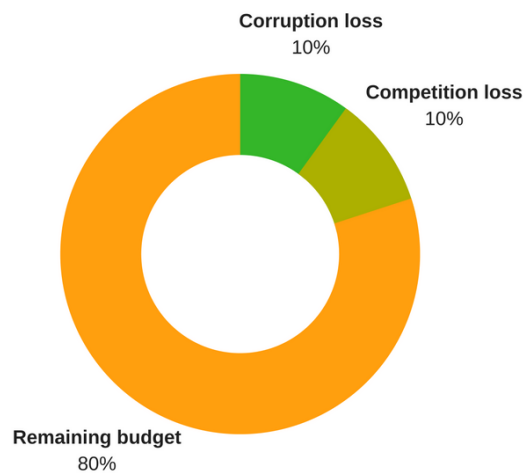
Vien: Hello Viktor! Congratulations on ProZorro receiving the Open Government Global Award 2016. Can you share with us your biggest successes so far?

Viktor: Thank you! With ProZorro in Ukraine, e-procurement has since August 2016 become mandatory for all contracting entities for all purchases. Equal competition has been secured for all bidders regardless of budget. I think this is our first and biggest achievement after about two years.

The second one is about the economic savings of the ProZorro: Since its launch, ProZorro has already helped save approximately 300 hundred million dollar. With 10% -12% saving of the national procurement market (about 11 billions USD per year), we will save about one billion USD next year (2017).

Annual Total Procurement Budget of Ukraine

Corruption loss
10%

Competition loss
10%

Remaining budget
80%

*It is reported that every year, Ukraine loses 10% of its total procurement budget for the 'corruption tax' and 10% for lack of competition. Since the budget of public procurement in Ukraine now is **11.4 billion dollars per year**, it is estimated that each day more than **2.8 million dollars** is saved in the country since the launch of ProZorro. The potential economic benefit from the public procurement reform may reach **2.2 billion dollars** per year.*

Vien: What are the most significant features of ProZorro contributing to its impressive success?

Viktor: Most importantly, ProZorro is a hybrid model, meaning there is only one central database which connects users to all linked marketplaces where actual procurement process takes place. This feature makes it easy for analysis and control, as well as increasing the quality and competition among businesses.

In terms of control, we ensure the participation of civil society and people in monitoring transparency of all procurement process by providing full accessibility of information published on the ProZorro and easy- to- use tools

for all interested people, so that they can see how the government spend their taxes. We have created monitoring tools (see bi.prozorro.org/en), containing information about each announced tender, procuring entity, participants, complaints, contract summaries and any document that is uploaded into the system by a user.

With ProZorro, there is no hidden document from the system so that everyone can see everything; the system is open source.

Vien: Coming back to the beginning of this project, can you share with us the biggest challenges you had to cope with during the early days?

Viktor: The concept of ProZorro began with a volunteer movement whose members are quite diverse , coming from the government, civil society, businesses. Therefore, one of the most challenging issues was how to reach consensus on every milestones within such a diverse group. This challenge required extraordinary capacities of coordination and of conflict management.

The second challenge was a lack of expertise on public procurement in Ukraine. Before this project started, you could hardly find any professionally trained procurement expert within government agencies. To deal with this limitation, we had to create a team in charge of providing training for all procuring entities in the country and this is a must- have item in the development agenda of ProZorro in future.

And the third challenge was about trust building: how to make sure that, regardless the advanced state of the Ukrainian Procurement law, business and citizens can be 100 percent confident in a flawless system. The answer was to allow an independent civil society to monitor any wrongdoings by the government or suppliers.

Vien: If another country wants to replicate ProZorro, what are the three best advice you would give?

Vicktor: First, you need to build a team of determined people sharing the same value of transparency and same dream. In our case, we have experienced hardship and obstacles but in the end we have overcome them thanks to the team's perseverance and persistence.

Second, you must build a strong partnership with the government, civil society organizations and businesses, the latter being able to provide funding and IT expertise needed to support the project. This partnership must be operating on maximum transparency, which will allow all stakeholders to put their ideas on the table without any hidden agenda.

And third, you must be patient and persistent. Take one step at a time and do not try to be a perfectionist. Focus on developing first a simple viable project, that can show concrete results. Everyday, you have to make sure that you are taking steps towards the final goal. Quick wins are very important!

To find out more information about ProZorro, you can log in: https://prozorro.gov.ua/en/

(*) Currency used in this article is the US dollars

(**) http://www.opengovpartnership.org/blog/ogp-support-unit/2016/12/07/making-transparency-count-open-government-awards