

Transparency, but lack of accountability: how to overcome public procurements corruption?

AntAC study

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In Ukraine before the 2013 - 2014 Revolution of Dignity public procurements were one of the most widely used tools of embezzlement and misappropriation. To address the issue, procurement reform was put as a priority on the state's reforms agenda. In December 2015, the Ukrainian Parliament passed a new framework law aimed at fundamental change of the approach to conducting tenders. Among its key breakthroughs was a transition to an electronic auction system of procurements called "Prozorro", allowing bidders to compete anonymously.

However, it turned out in practice that the mentioned law indeed provided better transparency, but effective introduction of liability for non-competitive actions was left unaddressed. One of the examples is the so-called "Trade Commodity case," where the company - subject to investigations by the National Anti-Corruption Bureau for embezzlement on purchase of fuel for the army, actually won the bid via "Prozorro".

The main problem appeared to be inactivity and incapability of controlling authorities, and specifically the State Audit Service of Ukraine, allowing dishonest purchasing agencies and bidders to keep breaching the law and making fortune.

In this study, progress in public procurement sphere is assessed, roadblocks for effective implementation are defined, solutions are offered.