

Alexandr Rymanov¹

PUBLIC PROCUREMENT METHODS IN RUSSIA

The paper analyzes the public procurement system functioning in the context of introduction of federal contract system at the federal, subfederal, and municipal levels in Russia. The analysis of the breakdown of costs of the concluded contracts subject to the order placement methods governed by the federal law on public procurement No. 94-FL has shown that the biggest share is accounted for by an "open e-auction", and almost equal shares come from an "open contest" and "procurement from a sole supplier".

Keywords: public procurement; auction; contest; Russia; special-purpose public procurement.

Олександр Риманов

МЕТОДИ ДЕРЖАВНИХ ЗАКУПІВЕЛЬ У РОСІЇ

У статті проведено аналіз системи державних закупівель у Росії. Розглянуто позитивний досвід функціонування системи державних закупівель в контексті впровадження федеральної контрактної системи на федеральному, субфедеральному та муніципальному рівнях. Проведений аналіз розподілення вартості підписаних контрактів в залежності від способу розміщення замовлень, що регламентується федеральним законом про державні закупівлі №94-ФЗ, продемонстрував, що найбільша частка припадає на «відкритий аукціон в електронній формі», приблизно рівні частки мають «відкритий конкурс» та «закупівлі у єдиного постачальника».

Ключові слова: система державних закупівель; аукціон; конкурс; Росія; державні закупівлі для спеціальних цілей.

Рис. 3. Літ. 17.

Александр Рыманов

МЕТОДЫ ГОСУДАРСТВЕННЫХ ЗАКУПОК В РОССИИ

В статье проведен анализ системы государственных закупок в России. Рассмотрен положительный опыт функционирования системы государственных закупок в связи с введением федеральной контрактной системы на федеральном, субфедеральном и муниципальном уровнях. Проведенный анализ распределения стоимости заключенных контрактов в зависимости от способов размещения заказов, регламентируемых федеральным законом о государственных закупках №94-ФЗ, показал, что наибольшая доля приходится на «открытый аукцион в электронной форме», приблизительно равные доли имеют «открытый конкурс» и «закупки у единственного поставщика».

Ключевые слова: система государственных закупок; аукцион; конкурс; Россия; государственные закупки для специальных целей.

Introduction. The system of procurement of goods, work, and services for public and municipal needs based on the competitive selection of suppliers is generally recognized in the world practice, and is aimed among other things at saving public costs. "The common" types of competitive procedures (auctions, contests etc.) are standard (Vorobyeva, 2012; Kovalev, 2012); yet, the frequency and scope of application of a specific kind of a competitive procedure may vary significantly. The article evaluates the pattern of using different kinds of competitive procedures for selecting suppliers under the national system of public procurement.

Literature Review, Purpose and Methods of Study. *Public procurement system regulation.* There is the WTO government procurement agreement functioning at the international level. It is aimed at opening national markets of public procurement.

¹ Novosibirsk State Technical University, Russia.

In the US federal procurement is governed by the Code of Public Procurement Regulations (Federal Acquisition Regulation, 2005).

The EU public procurement is governed at 3 levels: international level, the EU level, and national one (EU directives, 2004/17, 2004/18).

The main international regulation is the UNCITRAL Model Law on Public Procurement (UNCITRAL, 2014).

The overview of studies. In the study by E. Carayannis and D. Popescu (2005) the main attention is paid to the EU attempts to transform public procurement into a more cost effective and innovative process. It shows that information technologies are a powerful instrument that may reduce structural changes inside and between the countries, and may ease the movement of goods and services, thus stimulating the competition of European suppliers at domestic and international markets. Data analysis ensured obtaining a number of results with respect to further actions to be taken by the countries of Central and Eastern Europe, and the action plan for using the results of the study together with the suggested recommendations for discussing important issues of electronic public procurement development.

A. Erridge and R. Nondi (1994) analyze the practice of public procurement with regard to the theoretical models based on partnership, competition, and mixed models. The tasks of the study are to determine the nature of the current practice of public procurement with regard to the aforesaid models, and to reveal whether there is any relation between the established practice of public procurement and achievement of "price-quality" effect.

L. Preuss (2009) studies the ways local authorities in England use public procurement for the purpose of stimulating sustainable development. They apply a wide set of instruments aimed at achievement of different sustainability aspects. These instruments are considered within the frame of the procedure for the management of supply chains for public sector.

The study of H. Walker and S. Brammer (2009) is aimed at revealing the stability of procurement in the public sector of Great Britain. Local authorities are very inclined to procure from local and small suppliers. As it was, cost is the main obstacle on the way to assure sustainable procurement.

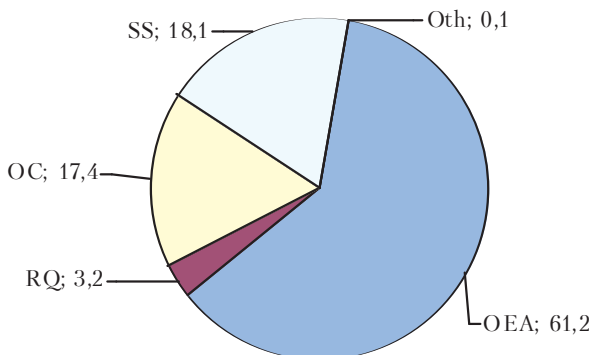
A. Akintoye et al. (2003) point out that in the process of implementing contracts of public and private partnership the factors preventing achievement of high efficiency of these contracts include inter alia high costs of public procurement, and the conflict of interests of the parties participating in public procurement.

The purpose of this study is to reveal the most demanded competitive procedures of public procurement placement (order placement methods) in the existing system of public procurement. The source data include tender documents of the implemented procedures. **The methods of the study** are comparative analysis and system approach.

Analysis of functioning of Russian system of public procurement. *Discussion.* Continuous improvement of the public procurement system is aimed at enhancing the transparency and effectiveness of suppliers screening mechanisms. Let's analyze the functioning of public procurement system from the perspective of applicable competitive procedures.

Figure 1 shows the breakdown of costs of concluded contracts by order placement methods governed by the law on public procurement No. 94-FL "On placing

the orders for supply of goods, performance of work, provision of services for public and municipal needs". The biggest share (over a half) belongs to an "open electronic contest". Almost equal shares are accounted for "open contest" and "procurement from a sole supplier". An inconsiderable share of the cost of concluded contracts in the form of "request for quotation" (about 3% in the total cost of public order) can be explained by low value of a piece of goods purchased using this method.



Note: OEA – open electronic auction; RQ – request for quotation; OC – open contest; SS – sole supplier; Oth – others.

Figure 1. The structure of public order breakdown by order placement methods in 2013 according to the law No. 94-FL, % (zakupki.gov.ru)

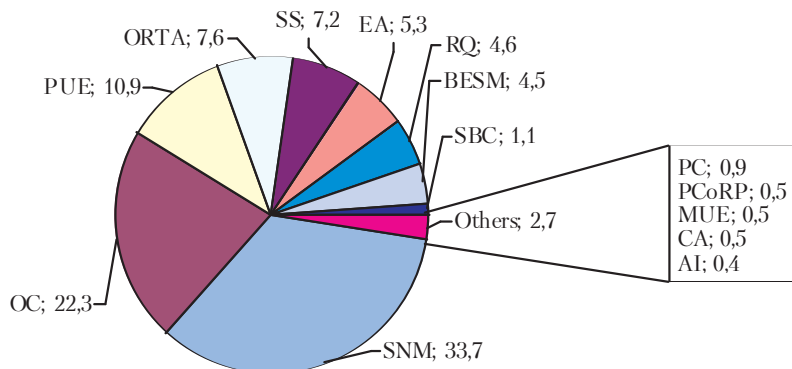
Figure 2 shows the structure of the breakdown of costs of concluded contracts by order placement methods governed by the federal law No. 223-FL "On procurement of goods, work and services by certain kinds of legal entities" (special-purpose public procurement). The difference in the structure of orders breakdown by placement methods explains the specifics of activity of certain legal entities.

The biggest share (34%) is accounted for the "subjects of natural monopolies". A smaller share (22%) is accounted for "open contest". It should be pointed that open contests are used more frequently (at least, in terms of cost) for the orders placed in accordance with the law No. 223-FL than for the orders governed by the law No. 94-FL. A rather big share is also accounted for the orders made by public unitary enterprises (11%). Other methods of placing orders governed by the law No. 223-FL (11 methods) make small shares (Figure 2).

The breakdown of costs of the concluded contracts by the levels of customers in 2011–2013 shows that federal and subfederal customers used to finance major volumes of public contracts (39–47% – federal customers, and 37–41% – subfederal ones in the total volume of financing). Municipal customers used to finance in this period around 16–21% of the total volume (Figure 3).

Federal contract system functioning prospects. In the nearest future the system of public procurement will function in the form of Federal Contract System (FCS) (Piskunov, 2011; Vorobyeva, 2012; On the federal contract system, 2012). The process of planning and predicting public procurement will be changed considerably; a cumulative procurement forecast will be executed. Besides, the list of applicable competitive mechanisms will be extended: besides the order placement methods con-

sidered in the analysis, there will also be a limited-participation tender, a two-stage tender, and a request for proposals.



Note: SNM – Subjects of natural monopolies; OC – Open contest; PUE – Public unitary enterprises; ORTA – Organizations conducting regulated types of activity in the field of power supply, gas supply, heat supply, water supply, drainage, utilization (burial) of solid household wastes etc.; SS – Procurement from a sole supplier; EA – Electronic auction; RQ – Request for quotation; BESM – Business entities of Russian Federation, constituent entity of Russian Federation, municipal formation in the authorized capital of which exceeds 50% in the total; SBC – Subsidiary business companies; PC – Public companies; PCoRP – Public corporations; MUE – Municipal unitary enterprises; OA – Open auction; AI – Autonomous institutions.

Figure 2. The structure of public order breakdown by order placement methods in 2012 according to the law No. 223-FL, % (zakupki.gov.ru)

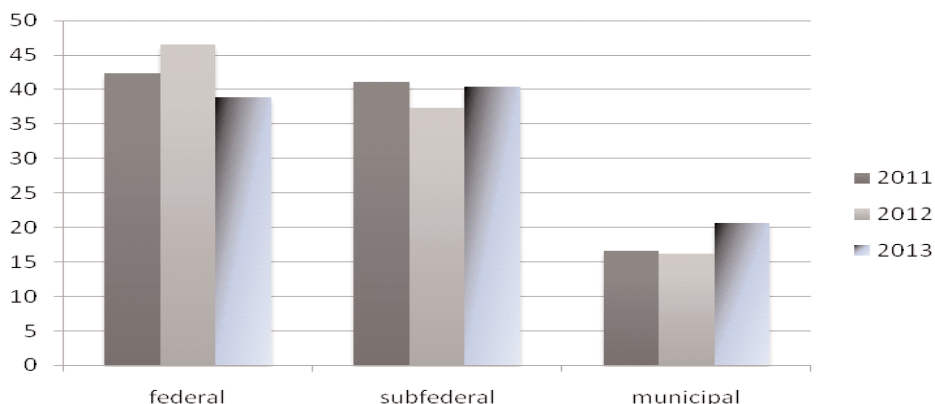


Figure 3. The breakdown of costs of public contracts by the levels of customers, 2011–2013, % (zakupki.gov.ru)

Conclusion. The analysis of costs breakdown of the concluded contracts subject to the order placement methods governed by the federal law on public procurement No. 94-FL "On placing the orders for supply of goods, performance of work, provision of services for public and municipal needs" given herein showed that the biggest share is accounted for an "open electronic auction", and almost equal shares are accounted for "open contest" and "procurement from a sole supplier".

The structure of the costs breakdown of the concluded contracts depending on the order placement methods governed by the federal law No. 223-FL "On procure-

ment of goods, work, services by certain kinds of legal entities" shows that the biggest share is accounted for "subjects of natural monopolies", the smaller share belongs to "open contest", and a rather high share is accounted for the orders made by unitary enterprises.

The breakdown of costs of the concluded contracts by the levels of customers shows that federal and subfederal customers in 2011–2013 used to finance major (and almost equal) volumes of public contracts. It is expected that most of the problems in public procurement planning will be solved with the help of FCS.

References:

- Бюджетный кодекс Российской Федерации от 31.07.1998 №145-ФЗ (ред. от 12.11.2012) // www.consultant.ru.
- Гражданский кодекс Российской Федерации (часть первая) от 30.11.1994 №51-ФЗ // www.consultant.ru.
- О размещении заказов на поставки товаров, выполнение работ, оказание услуг для государственных и муниципальных нужд: Федеральный закон Российской Федерации от 21.07.2005 №94-ФЗ // www.consultant.ru.
- Бочарова И.Ю. Корпоративное управление. — М.: ИНФРА-М, Высшее образование, 2012. — 368 с.
- Воробьева А.И. Международный опыт построения системы госзакупок // Бюджет.— 2012.— №7 // www.bujet.ru.
- Ковалев А.М. Рынок государственных закупок как действенный инструмент государственного регулирования экономики страны // Финансы и кредит.— 2012.— №20. — С. 69–74.
- О федеральной контрактной системе в сфере закупок товаров, работ и услуг. Обзор предполагаемых изменений системы государственных закупок // КонсультантПлюс: Правовые новости.— 2012.— Спец. выпуск // www.consultant.ru.
- Пискунов А.А. Федеральная контрактная система как инструмент развития // Этап: экономическая теория, анализ, практика.— 2011.— №6. — С. 48–57.
- Akintoye, A., Hardcastle, C., Beck, M., Chinyio, E., Asenova, D. (2003). Achieving best value in private finance initiative project procurement. *Construction Management and Economics*, 21(5): 461–470.
- Carayannis, E.G., Popescu, D. (2005). Profiling a methodology for economic growth and convergence: Learning from the EU e-procurement experience for central and eastern European countries. *Technovation*, 25(1): 1–14.
- Erridge, A., Nondi, R. (1994). Public procurement, competition and partnership. *European Journal of Purchasing and Supply Management*, 1(3): 169–179.
- Directive 2004/17/EC of the European Parliament and of the Council // eur-lex.europa.eu.
- Directive 2004/18/EC of the European Parliament and of the Council // eur-lex.europa.eu.
- Federal Acquisition Regulation (FAR) (2005). The U.S. General services administration // www.acquisition.gov.
- Preuss, L. (2009). Addressing sustainable development through public procurement: The case of local government. *Supply Chain Management*, 14(3): 213–223.
- UNCITRAL Model Law on Public Procurement. UN. New-York. 2014 // www.uncitral.org.
- Walker, H., Brammer, S. (2009). Sustainable procurement in the United Kingdom public sector. *Supply Chain Management*, 14(2): 128–137.

Стаття надійшла до редакції 4.02.2014.