

## **PRACTICAL ASPECTS OF SAVING PUBLIC MONEY THROUGH THE SYSTEM PROZORRO**

Regardless of the level of its development, any state faces the need to procure certain goods, works or services of public administration bodies at the expense of taxpayers in order to carry out their functions and current tasks. Annual global spending on public procurement reaches 13-20% of GDP, which is about 9.5 trillion dollars USA. In developing countries, public procurement costs reach 40% of GDP. Given the capacity of the public procurement market, it can be argued that they have a significant impact on the efficiency and transparency of public finance management.

For many years, public procurement in Ukraine has been one of the most shady corruption-ridden systems. Problems in this area were among the first to be properly addressed to ensure a positive outcome for the development of the whole country. Serious positive changes in the field of public procurement in Ukraine were achieved only after the adoption in late 2015 of the Law of Ukraine "On Public Procurement". This enabled the introduction of the e-procurement system and the ProZorro electronic appeal system from 2016. The main purpose of this system was to create a modern and efficient public procurement system aimed at creating a competitive environment and further developing fair competition in the field of public procurement. The ProZorro system allowed online tenders to be purchased instead of paper tenders, and the process of selecting the winner was made public and clear. In addition, citizens can participate in the monitoring of public procurement, since all public procurement information is available on the ProZorro system.

Since the introduction of the ProZorro electronic system in 2016 till September 2019, over 3.5 million procurement procedures have been announced to Ukrainian customers. The number of bidders amounted to 37.6 thousand and the number of bidders reached 246.5 thousand. On average, 2.34 bids are submitted per announced procurement. The planned amount of public procurement amounted to 2.8 trillion UAH. By saving only 1% of the expected value of announced purchases in Ukraine, it would be possible to save about UAH 28 billion of public money. The largest number of tenders in the ProZorro system was created by the Kyiv City State Administration (285 thousand), the Ministry of Education of Ukraine (134 thousand), the Ministry of Infrastructure of Ukraine (133 thousand), and the Ministry of Internal Affairs of Ukraine (109 thousand).

The ProZorro analytics module calculates the savings of public money from the results of ProZorro purchases. Thus, over 4 years of functioning of the

ProZorro procurement system, the system reflects that over 92.5 billion UAH have been saved. The system calculates savings as the difference between the estimated purchase price of the procured customer and the actual purchase price of the ProZorro auction.

The ProZorro system shows different customer ratings by auction. One such indicator is the amount of public money savings as a result of the procurement procedures of ProZorro. Customers are aware of the submission of a slightly higher estimated purchase value in their procurement announcement and a successful bidder is selected at a price lower than expected value, then the customer will be characterized as one who saves taxpayers' money. Thus, the amount of public money saved through the usage of the ProZorro system reflects somewhat incorrect information.

To sum up, despite some of the shortcomings in the ProZorro system, its developers and the state leadership quite rightly consider it one of the most successful reforms in Ukraine in recent years. In addition, public procurement reform in Ukraine is positively endorsed by the international community, and some countries are gaining experience with the implementation of the ProZorro system in Ukraine. The introduction of the ProZorro electronic procurement system in Ukraine allows the public administration to save public money.

**Svitlana Savchuk, Viktoriia Savchuk**  
*Ternopil National Economic University*

## **MEDIUM-TERM BUDGET PLANNING: DOMESTIC REALITIES AND FOREIGN EXPERIENCE**

In modern conditions of budget decentralization an important stage of reform has been the introduction of medium-term budget planning in the context of distribution of program-targeted budget method. The predictability of budget indicators requires a clear definition of strategic priorities in the implementation of reforms within the available budgetary capacities, the responsibility of all participants of the budget process, its transparency, which assists to the restoration of public confidence to authorities of different levels of government and to the improvement of the quality of provided public goods.

In domestic practice, the introduction of medium-term budgeting is regulated by the Strategy of reforming the system of public finance management for 2017-2020, in which the distribution of budget resources are provided according to the priorities of development for 3 years. In addition, the adoption of the medium-term budgetary declaration, strengthening the transparency of the process of defining the priorities of budgetary policy, as