

Public Procurement in Restoration & Reconstruction (R&R) projects

Public procurement **enhances R&R project implementation** by ensuring **process transparency** and **leveling the playing field** for all procurement participants.

This brochure aims to familiarize BAG for Restoration’s members with the **main opportunities and procedure for participation in public procurement** under martial law.

80%

of all funds for public procurement **in 2023** were spent through the Prozorro system.¹


» PROZORRO IS AN ONLINE PLATFORM FOR PUBLIC PROCUREMENT

Procurement on Prozorro is carried out through accredited **electronic** platforms.²

Goods, works or services can be procured on Prozorro by customers - state bodies, local authorities, communities, budgetary institutions, as well as other legal entities authorized by customers.

Any individual or legal entity can participate in the public procurement, regardless of the country of their registration.

ELECTRONIC PLATFORMS

<p>» 13  platforms available</p> <hr style="border: 0; border-top: 1px dotted #ccc;"/> <p>» service and transaction fees are charged</p>	<p>» administered by private enterprises</p> <hr style="border: 0; border-top: 1px dotted #ccc;"/> <p>» information is instantly synchronized on all platforms</p>
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» TYPES OF PUBLIC PROCUREMENT

Open Bidding

Conditions. Must be used if the purchase price **exceeds:**

- **UAH 100,000** for goods and services;
- **UAH 200,000** for current repair services;
- **UAH 1.5 mln.** for works.

Description. This is an **electronic auction** where participants compete with each other by offering competitive pricing. The Customer chooses **the best offer**.



A separate subtype of open bidding is **open bidding with publication in English**. The decision to hold such biddings is **made by the Customer**.

Prozorro Market

Conditions. Customers use Prozorro Market to purchase **goods worth up to UAH 100,000**

Description. This is an **online store** displaying offers from qualified suppliers. Customers can also use Prozorro Market **to purchase goods > UAH 100,000** through **mini-auctions**. To do this, Customers submit a request for price offers through Prozorro Market **to qualified suppliers**.

To **become a supplier of Prozorro Market**, one needs to **apply for qualification** within the relevant product category and before the announcement of supplier selection.³



Simplified procurement

Conditions. The customer can make a decision to use simplified procurement if the cost of the purchase **does not exceed**:

- **UAH 100,000** for goods and services;
- **UAH 200,000** for current repair services;
- **UAH 1.5 mln.** for works.

Description. Simplified procurement **is similar to open bidding**, but the procedure is less complicated:

- ✓ shorter terms;
- ✓ the auction is not mandatory;
- ✓ minimum package of requirements and documents.



Procurement under a direct contract

Conditions. The customer can make a decision to perform procurement under a direct contract if the purchase price **does not exceed the specified threshold values**.

The Law additionally defines **special grounds** when the customer may use this type of procurement (for example, procurement for defense needs).

Description. The customer and the supplier enter a **commercial contract without conducting a procurement procedure**. They directly negotiate the terms of the contract.

KEY ANTICIPATED CHANGES IN THE PROCUREMENT SYSTEM, 2024-2026⁴

1. Implementation of international procurement practices through approximation to the EU rules:



Reserved contracts – only certain categories of businesses specified by the Customer can take part in the procurement (for example, only veteran enterprises).



Dynamic procurement system - tenders or requests for proposals from a supplier are held among 3 or more candidates.



The procedure of innovative partnership - procurement for the conclusion of a contract to create an innovative product due to the absence of offers on the market that would meet the Customer's needs.



Project competition - selection of the best project proposal (architectural, engineering, artistic, etc.) through an open or limited competition.




Joint procurement - procurement is carried out based on the joint needs of two or more customers using a competitive procedure.



Mixed procurement - procurement for the acquisition of goods together with services, services together with works, or goods together with works.

2. New approaches to the implementation of R&R projects:

- Integration of Prozorro and DREAM systems –  *implemented in the first quarter of 2024.*
- Implementation of special rules for the use of the Prozorro system for procurements financed with donor funds.
- Development of standard template contracts for the purchase of works and related services.

¹ Information from the Ministry of Economy of Ukraine as of 2023.

² Detailed information about Prozorro electronic platforms is available at the link: <https://prozorro.gov.ua/uk/majdanchiki-prozorro>

³ Detailed information on how to become a Prozorro Market supplier is available at the link: <https://prozorro.gov.ua/postachalnyky-prozorro-market>

⁴ According to the Public Procurement System Reform Strategy for 2024-2026.