Chapter 13
Electronification of the Public Procurement System: A Comparative Analysis of the Experience of the Russian Federation and Ukraine

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ABSTRACT

This chapter analyzes the reform of public procurement systems in Russia and Ukraine in the context of electronization, as well as a comparative analysis of the effectiveness of such reforms. The goal is to determine the prospects of expanding the scope of e-procurement based on the analysis of the implementation of the reform of public procurement systems effects in Russia and Ukraine. Public procurement is a fundamental component of social and economic policy of any state, by means of this mechanism the government has the ability to create and influence the industry for future changes in production structures, increase efficiency and more rapid transition to an innovative new type of economy. Procurers are dependent on funds that provide their functioning and providing services to the population. Provision of works, goods and services to such customers is carried out by means of public

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procurement market, which, enhances the efficiency and transparency of spending money through a contractual relationship satisfying the needs of the state. The share of public procurement (including procurement of state-owned companies) is more over 25% of Russia’s GDP, while in Ukraine - more than 7%. That’s why it is possible to make a comparative analysis of public procurement reform in Russia and the Ukraine, whose legal approach is quite close (Tsygankov & Syropyatov, 2014).

INTRODUCTION

The state regulation of economic relations and processes is the most evident in the organization of the public procurement system. The indicator of the maturity of this sector is directly related to the efficiency of the system of public expenditure. The analysis of public requirements should be based on the macroeconomic interpretation of a requirement as a basic category of the modern economic theory reflecting inner motives (incentives) that encourage the efficient use of scarce resources for the production of essential goods ensuring the satisfaction of needs.

As a part of the system of economic needs as a whole, the state requirements are closely connected with processes of the extended social reproduction and with market mechanisms. The modern market economy, its condition and development potential have a decisive impact on the public needs, forming these needs and determining priorities in addressing them.

The volume and structure of public needs, which are determined by the relevant public authorities, dictate a set of objectives which should be met in the process of public and municipal procurement.

The challenge to meet the public requirements creates the need to finance them, i.e. to present them in the form of a state order. Thus, the public (government) needs quantified in the public spending generate a set of actions at different levels of the economic management, which include financing and procurement processes of those material goods, services and works that are necessary for the functioning of the state. The developing public procurement system should provide the fullest satisfaction of increasingly complex needs of the state. Ensuring a high level of satisfaction of social requirements dictates the need to increase the flexibility, elasticity of structural changes in the public procurement system following the changes in the public requirements. Indicators of the scale of public procurement are the volume and structure of the public procurement market. Determination of the categorial content of the public procurement market requires evidence that their distribution system is characterized by all indicators (attributes) of the market. However, with respect to the category of “market” the scientific literature offers diverse interpretations that are differentiated not only depending on the approach to the identification of
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