

## PUBLIC PROCUREMENT SYSTEM IN BELARUS: ADMINISTRATIVE ASPECT

*The article presented here is the country research and has an analytical character. In it the system of public procurement in Belarus is concerned. Stages of public procurement system's formation and its legislative base, development of electronization of purchases are considered. The public procurement system at the sub-national level is analyzed and weak points are emphasized. Corruption aspects and ways of their minimization in public procurement activity are showed. Debatable issues and ways of procurement activity improvement in Belarus are presented.*

*The methodology of research is based on the analysis of a series of data on public procurement in the Republic of Belarus, budgetary expenditures on public procurements in the local governments of the Minskaya oblast<sup>1</sup>, on e-auctions procurement at the Universal Commodity Exchange. Statistical data for analysis obtained from official sources, such as the State Statistics Committees, Ministry of Finance, Open Joint Stock Company (OJSC) the Belarusian Universal Commodity Exchange and on-line databases of analytical centers working in this field, etc.*

### 1. INTRODUCTION

Public procurement is a big and an important subject in the Belarusian administration system both at central government and sub-national levels. An importance of this subject in the present conditions is that public procurement turns into one of the instruments of providing public services. It is especially experienced in the sub-national governments where the local ones are closer to citizens and provide their current ability to life. By means of public procurement being necessary for local community the local governments performs their transformation into public products and services. In this connection it is important to know the administrative aspects of public procurement, namely, what are the optimum ways of procurement and how they are connected with expenditure assignment of local governments, what public services are connected with concrete ways of procurement, how to form plans of procurement, how to do justifications of procurement, how to exercise financial and public control, supervision and audit. Not less important aspects are the corruption areas

<sup>1</sup> Minskaya oblast is the most developed region in Belarus.

and their factors in public procurement activity, the increase of public procurement transparency and accountability for civil society, mass media, local community, citizens. All these issues are very significant for the creation of a public procurement system in Belarus. Since the scope of public procurements is extremely wide and many-sided, in this paper some aspects of procurement activity are touched on only. They are the stages of public procurement formation in Belarus, the characteristics of its common and special features, the analysis of public procurements in the sub-national governments, the investigation of corruption points in public procurement, ways to increase transparency and accountability and finally, debatable issues of procurement activity in Belarus.

### 2. GENERAL CHARACTERISTICS OF PUBLIC PROCUREMENT SYSTEM IN BELARUS

An evolution of public procurement system in Belarus in direction of care from directive and uncontested placement of the state orders was performed. At the same time, this care assumed the development and improvement of the public procurement mechanism.

The basis of current legislation on public procurements is made by the Civil Code of the Republic of Belarus<sup>2</sup>, (article 495) which contains concept of the state needs “as a need of the Republic of Belarus defined in accordance with the established procedure or its administrative and territorial units and provided at the expenditures of budgetary funds and non-budgetary financial sources“.

Now in Belarus the main form of the state requirement orders' satisfaction for delivery of industrial goods, consumer ones and services are acting. The formation of market structure of public procurement began practically at the same time with the transition of Belarus to market economy. The contractual relations with the use of stimulation forms began to come to change the centralized logistics [*tsentralizovannoe materialno-tehnicheskoe snabzhenie*] and obligatory public procurement. In recent years the public procurement volume in the expenditure structure of the Belarusian consolidated budget began to reach more than a half and their share in GDP more than 15% that corresponds to that of the developed European countries. It points to an essential role and a place of public procurement in the Belarusian economy. They turned not only into the instrument of macroeconomic regulation, but also into one of the ways for providing public services.

The creation of public procurement regulations dates back to 1993 and includes 5 stages:  
– The first stage began with adoption of Law „On deliveries of goods for the state needs” of November 24, 1993 No. 2588-XII<sup>3</sup>. This Law establishes the general principles of formation, placement and performance on a contract (contractual) basis of orders of

<sup>2</sup> Grazhdanski Kodeks Respubliki Belarus [Civil Code of the Republic of Belarus] ot 7 Dekabrya 1998 goda, 2008, No 218-3, 2008. [online]. Available at< [http://pravo.by/world\\_of\\_law/text.asp?RN=hk9800218](http://pravo.by/world_of_law/text.asp?RN=hk9800218)

<sup>3</sup> Zakon Respubliki Belarus . “O postavkah tovarov dlay gosudarstvennyh nuzhd” [The Law about deliveries of goods for the state needs], ot 24 Noyabrya 1993 g. No 2588-XII],1993. [online]. Available at< <http://laws.news-by.org/documents/laws/law1206.htm>

goods for public needs for all enterprises, organizations, firms, companies, irrespective of ownership's form.

- The second stage is connected with the introduction of competitive auction into public procurement procedures: a concept in 1996. At this stage the Ministry of Economic and the Ministry of Finance introduced the regulation about the procedure of tenders for purchases of goods, works and services. In it the ways of public procurement are formulated: "open method", "limited method", "simplified method", "negotiations" and "direct purchases".
- On the third stage which began in 2006 public procurement concept was introduced and the uniform order of purchases was defined, too. The order of supplier's choice at implementation of public procurement on the Belarus territory was defined. A uniform order of purchase of goods and services by means of budgetary funds, in whole or partly, has been introduced as well.
- The fourth stage introduced changes into regulations of public procurement. Since 2009 the order of supplier's choice has been specified at implementation of public procurement on the Belarus territory. The order of appeal of supplier's choice and bases for recognition of the auction as invalid was defined. Changes in concept of public procurement were introduced, as well. For example, procurement by budgetary organizations<sup>4</sup> which is carried out for their own incomes received from business activity<sup>5</sup> is excluded from the concept of public procurement. These types of procurement began to be classified as procurement for their own incomes, separately from public procurement.
- The fifth stage began on January 1, 2013 and is connected with the adoption of the Law of the Republic of Belarus "On public procurement".<sup>6</sup> In it the main terms: a competence of government bodies in the field of public procurement, customers and organizers of procurement procedures; conditions of their application; appeal system were defined. The procedure of public procurement implementation with using electronic auction was also introduced by the Law.

Currently in Belarus procurement's practice is characterized by the two models in which centralized and decentralized ones are coexisting. The centralized model provides the creation of a peculiar purchasing center where all demands for purchases from various enterprises and organizations are collected. The centralized model provides low prices due to wholesale purchases but is less mobile and does not always consider all nuances in demands for the acquisition of necessary goods and services. The decentralized model provides an independent implementation of all purchasing processes by the consumer's organization. Simultaneously, the service coordinating activity or supporting purchases of all organizations can function. The decentralized model is very flexible, but it is more expensive in comparison with the centralized one. However, from between the two models of public procure-

4 Organizations funded by the central and local budgets. For example, health care centers, educational organizations, specialized schools, universities.

5 For example, business activity of health care centers, educational organizations, specialized schools, universities.

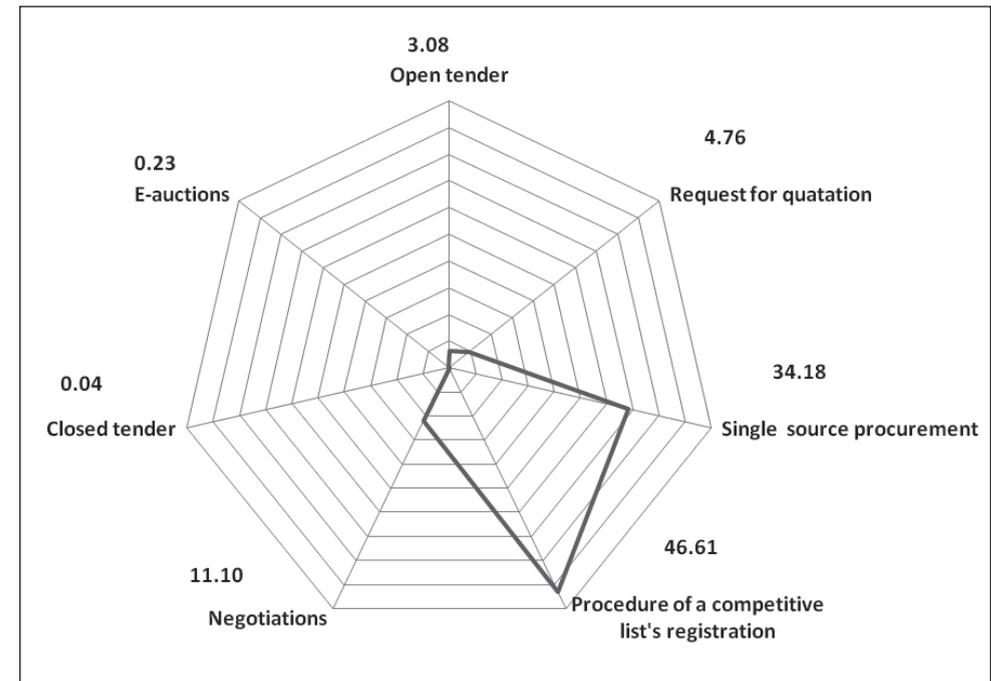
6 Zakon Respubliki Belarus "O gosudarstvennyh zakupkah tovarov (rabot, uslug)" [The Law about public procurement of goods (works, services)], ot 13 iulya 2012 goda, No419-3, 2012) [online]. Available at < <http://www.pravo.by/main.aspx?guid=3871&p0=H11200419&p1=2>

ment the centralized one dominates. The general dynamics of procurement activity and its structure in Belarus are illustrated by table 1.

As table 1 shows, 242,584 procedures of public procurement of goods (works, services) were performed in 2012. It is 23,076 procedures or 10.5% more in comparison with 2011. However, despite the growth of procedures, the structure developed earlier did not essentially change. In 2012, from the total number of procurement procedures 9,327 or 3.8% from all procedures did not lead to the contract signings. In 2011, 9,491 procurement procedures or 4.3% from all procedures did not take place. Characterizing procedures of public procurement in 2012, it should be noted that 452,150 participants took part, from which 448,802 or 99.26% are domestic participants and 3,348 or 0.74% are foreign ones. From the total number of foreign participants 31.5% were from the Russian Federation.

Our research of the procedure's types in structure of procurement activity for 2008-2012 showed that the dominant types of procurements were: a competitive list's registration- 46.7%; single source procurement – 34.28%; price negotiations – 11.13%. These types are showed in figure 1.

**Figure 1.** • Structure of public procurement by the types of procurement which have been performed in 2008-2012 (on the average)

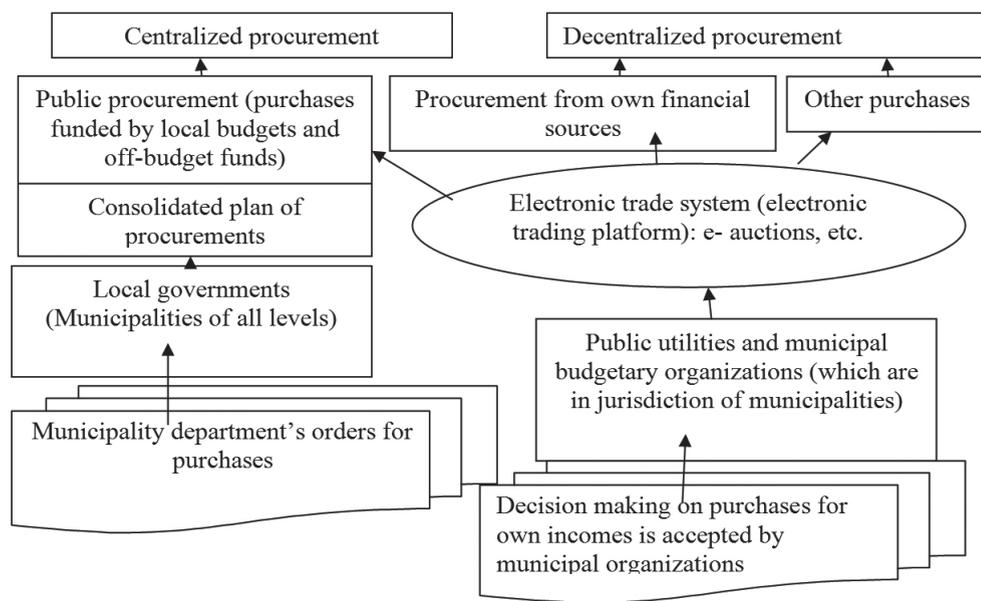


SOURCE: OWN AUTHOR'S CALCULATIONS ON THE BASE OF MINISTRY OF TRADE OF THE REPUBLIC OF BELARUS DATA

In 2012 as a result of procurement's procedures 244,887 contracts on a sum of 54.1 trillion Belarusian rubles were signed, including the competitive types of procurement's proce-

dures – 160,642 or 66% of total contracts are signed. A deeper analysis of the procurement activity is displayed by table 2.

**Figure 2.** • Scheme of procurement activity at the sub – national level



SOURCE: FIGURE DEVELOPED ON A BASE OF OWN AUTHOR'S RESEARCH

An increase of the total number of procurement procedures provided in 2012 led to a 12.4% increase of the amount of contracts signed, in comparison with 2011. The growth of the total number of procurement procedures provided in 2012 led to a 12.4% increase of the number of contracts signed in comparison with 2011. At the same time the total contract costs signed have increased in 3.6 times. The number of signed contracts on the centralized purchases made up 12,474 or 5.1% of the total number of the signed contracts performed in January-December, 2012 (for the similar period of 2011 11,282 or 5.2%). Thus the share of total procurement contracts signed by the results of the centralized procurement made up 9.4% from all signed contracts (18% in the similar period of 2011).

It should be noted, however, that in 2013 new forms of public procurement were adopted: open competitive tenders; closed competitive tenders; on-line auctions (e-auction); request for quotation procedures; single source procurement procedures; exchange bidding. So, the procedure of a competitive list's registration was abolished and exchange bidding one was entered<sup>7</sup>.

<sup>7</sup> In capital construction sphere a negotiation procedure has saved only.

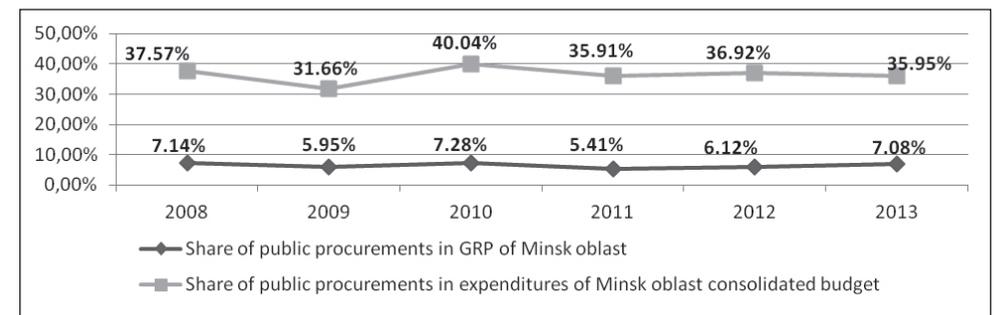
As a whole, the system of legislative regulation of the public procurement existing in Belarus is very difficult, complicated and inconsistent. A lack of this sphere is that public procurement is considered separately as an independent subject, without a context of administrative tasks: levels of governments, expenditure functions of the sub-national governments, assignment of these functions, responsibilities of local authorities and without problems of regional and local governments.

### 3. AN EVOLUTION OF PUBLIC PROCUREMENT ELECTRONIZATION

The electronization of the procurement in Belarus represents a modern synonym of informatisation considering the introduction of various types of electronic devices and the related new ways of actions in procurement process. The electronization of procurement began to develop in Belarus in 2011 and also tends to continuous growth. Especially actively this process began to develop in 2013.

The electronization of procurement in Belarus gained development in the form of electronic auctions (e-auctions). E-auctions on exchange electronic trading platform at the implementation of public procurement and purchases from own financial sources of organizations are performed. It represents a new procedure of selecting a supplier (contractor, performer) and is legislatively planned to define electronic auction as the main way of public procurement implementation of goods (works, services). An evolution of this process is characterized by table 3.

**Figure 3.** • Dynamics of expenditures on public procurements in Minskaya oblast's consolidated budget and in GRP for 2007-2013 (shares in per cent).



SOURCE: OWN AUTHOR'S CALCULATIONS ON THE BASE OF MINSKAYA OBLAST'S FINANCIAL DEPARTMENT REPORTS.

Table 3 above illustrates a certain experience of e-auctions at the implementation of all types of procurement. According to the Belarusian Universal Commodity Exchange data for 2011-2013, 1494 electronic auctions with results of concluded contracts for 2454.2 bl. rubles are performed. The Belarusian organizations have got access to participation in e-auctions which are performed in Russia, without the need for opening Belarusian agencies on Russia's territory.

The first year of e-auctions vividly showed their advantages: high level of informational safety and protection of transactions thanks to digital signature application; publicity and openness of information on e-auction; optimum and effective expenditure of budgetary funds; full anonymity of participants up to the completion of the e-auction; reduction of expenditures for providing procurement. Thus, the transfer of public procurement in electronic form means not only economy of budgetary funds and control for purchases, but also trust increase to the authorities, transparency of their work.

#### 4. PUBLIC PROCUREMENT IN THE SUB – NATIONAL GOVERNMENTS: CASE OF MINSKAYA OBLAST

The procurement activity at sub-national levels are generally performed via two channels: via the centralized channel of procurement and the channel of decentralized one. The centralized procurement channel covers mainly the public procurement system which is funded by local budgets and off-budget funds of the local governments. Normally, the centralized procurement channel is characterized by difficult bureaucratic and multilevel procedures from formation of municipality orders before their inclusion in consolidated plan of procurement up to payment through the treasury accounts. The decentralized one covers procurement from own financial sources of the municipal organizations only. As a rule, it is from own incomes accumulated by the public utilities or other municipal organizations from business activity which are in jurisdiction of municipalities. In more detail the scheme of purchases at sub-national level is illustrated in figure 2.

Procurement at sub-national level occupies an essential share in local budget expenditures of municipalities, and their share in the gross regional product (GRP) <sup>8</sup> has a stable component. For example, in the Minskaya oblast's consolidated budget the expenditures for purposes procurement during 2007-2013 reached 36.3 % in average, and their share in GRP is 6.5%. Dynamics of these indicators is illustrated by figure 3.

As figure 3 shows, the greatest share of purchases in expenditures of Minskaya oblast's local government budget took place in 2010 and reached more than 40%. Thus, the share of purchases in GRP made up 7.28 %. For the analyzed period the dynamics of procurement in Minskaya oblast characterizes the tendency of their growth. Thus, the growth of their volumes took place both in national currency and in euro equivalent that is illustrated by the data of figure 4. Comparisons of procurement assessment in national currency and in euro equivalent as a whole prove a tendency of their growth. However, outlined their "failure" in 2008 and 2011 in Euro assessment is explained by the existence of crisis phenomena in Belarus and devaluation of national currency conducted by the Central Bank those years.

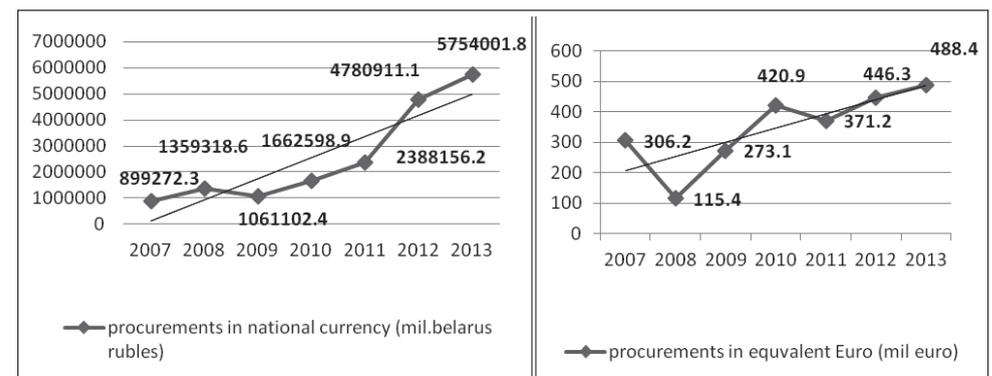
Among municipal budget expenditures of Minskaya oblast the public procurement occupy 36.9% (see fig.5). The main articles of consolidated budget expenditures which covered public procurements are the following: purchases subjects of supply and expendables; pay-

<sup>8</sup> The indicator of the gross regional product (GRP) represents the sum of a gross value added and size of pure taxes on products by types of economic activity of the certain region.

ment of transport services; communication fee; payment of public utilities; fee on standard design; other operating costs on purchases of goods and services (maintenance of buildings, the equipment, roads); capital investments; purchases of equipment and other fixed assets; capital construction; capital repairs.

Further procurement research in the municipalities of the Minskaya oblast showed their share in local budget expenditures by the governmental levels. Strangely enough, primary local governments – rural and settlement municipalities dominated, here. It is displayed by the following table 4.

**Figure 4.** • Dynamics of public procurements in municipalities of Minskaya oblast for 2007 – 2013 in national currency (mil. belarus rubles) and in equivalent Euro (mil. Euro).



SOURCE: OWN AUTHOR'S CALCULATIONS ON THE BASE OF MINSK OBLAST'S FINANCIAL DEPARTMENT REPORTS

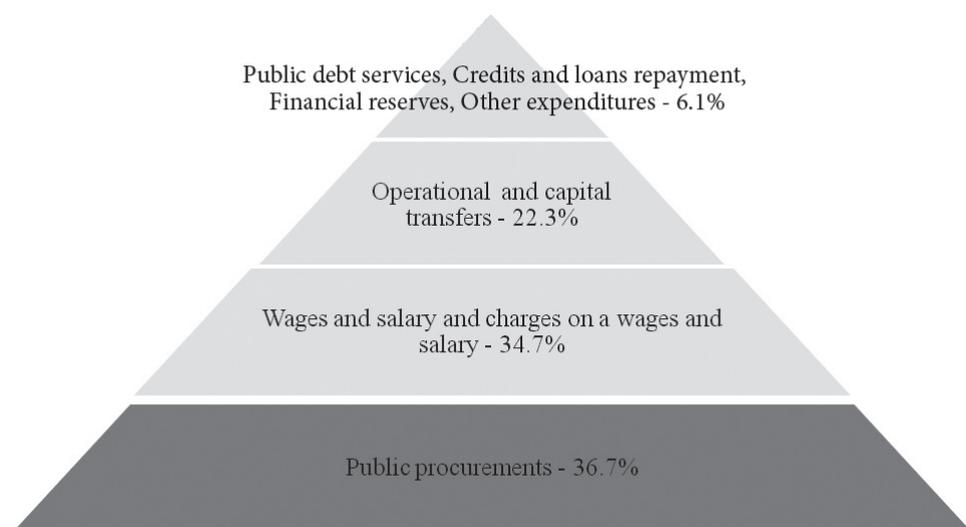
As we see, table 4 shows that in local budget expenditures for the analyzed period the lower local governments had the greatest share in procurement. For example, the share of procurement of urban and rural governments made up more than 57% in their budgets, the share of city's governments with rayon status made up more than 43%. In these local governments the procurement for operational purposes dominate and procurement of capital ones, in turn, are lower. As a rule, procurement of lower municipalities is connected with the performance of their governmental functions for the improvement of their territories which is the main function in primary municipalities. The share of procurement's expenditures in local budgets of rayons, cities with oblast status and oblasts are less and reached 29.2%,30.4%,29.7%, respectively.

During the further analysis of public procurements at sub-national level the distribution of procurement by the levels of the sub-national governments was affected (see table 5). Analytical results showed a totally different picture in comparison with the previous table 4.

Table 5 shows that in procurement by levels of sub-national governments, oblast government and rayon ones dominated. Their shares in cumulative purchases of the Minsk oblast made up 46.33% and 48.68% respectively. The share of lower level local governments: rural and urban settlements and cities of rayon status all together hardly reached 3% from all pur-

chases in Minskaya oblast. It is explained by the weakness of local municipalities, the limitations of their authorities and functions in public administration, and also high extent of centralization processes where the higher local governments are making procurement for subordinate municipalities, being guided by the principles of reduction costs in the procurement process. It deprives local municipalities to conduct procurement activity independently. In fact, this tendency spectacularly reflects a situation in the Belarusian fiscal decentralization where all authorities and resources are concentrated on the higher governmental levels.

**Figure 5.** • *The integrated structure of the consolidated budget expenditures of Minskaya oblast's municipalities during 2007-2013 (average annual data)*



SOURCE: FIGURE DEVELOPED BY AUTHOR'S CALCULATIONS ON THE BASE OF MINSK OBLAST'S FINANCIAL DEPARTMENT REPORTS

## 5. THE CORRUPTION FIELDS IN SYSTEM OF PUBLIC PROCUREMENT

The system of public procurement in Belarus, as well as in other countries, isn't deprived of corruption. Thus it should be noted the main fields of corruption behavior and corruption factors are covered in the imperfect procurement legislation, insufficient transparency and accountability of the public procurement system for citizens, mass media, public organizations and municipal communities.

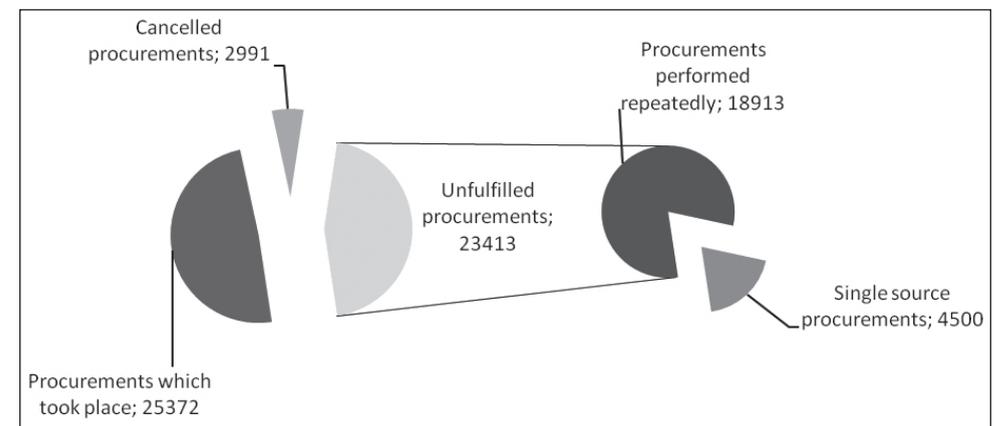
One of the weak points of the public procurement system which creates a field for corruption is a legislatively recognized form "single source procurement"<sup>9</sup> or procurement from one supplier only. Our research shows that this form of purchases is dominating in procurement

<sup>9</sup> Single source procurement is the way of contract conclusion when direct purchases of demanded goods, works, services are performed by the single supplier.

activity and it form belongs more than one third of all purchases in the country (see fig.1). It should be noted, however, that the form of "single source procurement" potentially increases corruptibility in the public procurement sphere at which conditions for arrangement of supplier and customer for obtaining mutual benefits are created. The authorized government body on public procurement – the Ministry of Trade – legislatively does not control this form of procurement and information concerning these procedures is not published. It excludes the principles of transparency and accountability in public procurement sphere. As the result, it leads to the inefficient use of budgetary funds for purposes of public procurement.

As an example of corruption caused by "single source procurement" is the fragmental situation of 2013. According to the official site on procurement in Republic of Belarus 51,776 procurement procedures were performed, from which 25,372 purchases or a half from all registered cases have taken place, registered as the cancelled procurement – 2,991 cases, did not take place – 23,413 cases. It is displayed on figure 6.

**Figure 6.** • *The structure of purchasing procedure in 2013 (fragment)*



SOURCE: FIGURE DEVELOPED ON THE BASE OF KOVALKIN'S RESEARCH; KOVALKIN, V.(2014), P. 6.

However, from 23,412 cases recognized unfulfilled, 4,500 were subsequently realized as single source procurement, and 18,913 cases are registered as purchases performed repeatedly. Thus a half of purchases of these cases subsequently were implemented on a non-competitive basis.<sup>10</sup> Another weakness creating a field for corruption in the public procurement system is a legislatively introduced concept: "trade secret". Under the concept of "trade secret" it is possible to leave from transparency of procurement procedure. The concept of "trade secret" in the Belarusian legislation is too vague, so unfair bidders can use both from the customer and from suppliers. For example, under the guise of a "trade secret" some bidders can

<sup>10</sup> Kovalkin, Vladimir "Gosudarstvennye zakupki: povyshenie prozrachnosti i podotchetnosti" [Public procurement: rising of transparency and accountability], 2014, 15 pages. [online]. Available at < [http://sympa-by.eu/sites/default/files/library/policy\\_paper\\_bipart\\_procurement.pdf](http://sympa-by.eu/sites/default/files/library/policy_paper_bipart_procurement.pdf)

refuse providing specifications and additional data necessary for the preparation of a competitive offer. As a result, an artificial elimination of companies capable of giving the best conditions of contract, but which are not pleasing to government institutions occurs. In this situation, however, contracts on public procurements are not published.

A serious concern is caused by the recent exclusion from the Law “About government procurement of goods (works, services)” procurement in the sphere of construction. According to the Decree of the President of the Republic of Belarus of 31 December, No. 591, since 2014 procurement in the sphere of construction began to be regulated by the special legal act of the Council of Ministers<sup>11</sup>. An exception from procurement procedures in construction sphere from the legal framework of the Law “About public procurements of goods (works, services)” can not only reduce transparency and accountability of government procurement, but also to call into question the implementation of international agreements by the Republic of Belarus.

The factor of strengthening corruption in public procurement is the restriction of foreign suppliers, including EU countries, by the Belarusian legislation. Preferences in procurements concerning goods, works and services to the Belarusian producers or to producers of countries to whom the national treatment (Russia, Kazakhstan) are provided. Potentially it reduces the competition for the best purchases and raises corruptibility level. The involvement of well-known international companies into participation in public procurement procedures can considerably reduce corruption risks where purchases on large sums are performed. Besides, the participation of western companies in procurement tenders gives big benefits for the central and sub-national budgets.

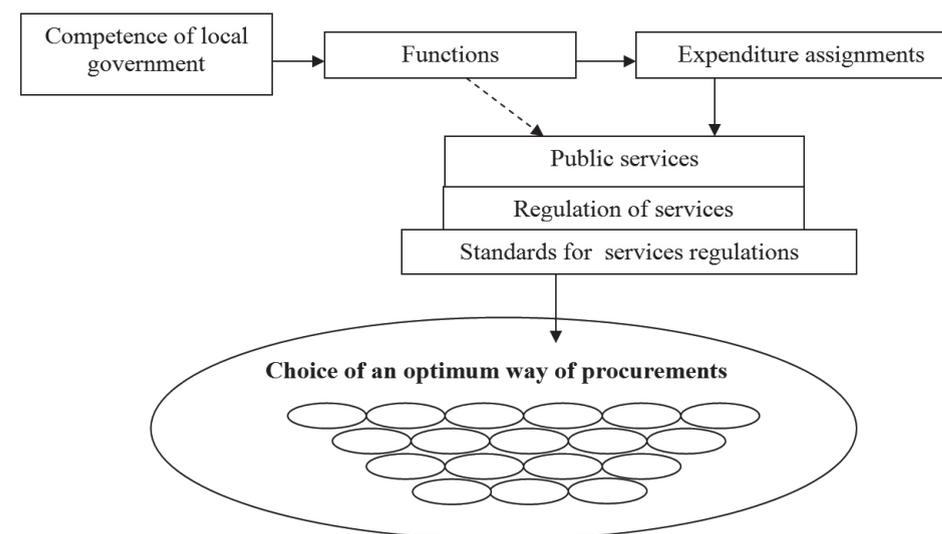
## 6. DISCUSSION ISSUES OF PUBLIC PROCUREMENT IN BELARUS

A public procurement theme is a very big and important subject in the system of public administration. The analysis of procurement activity at the sub-national governments’ level showed that in the system of purchases there is a serious methodological shortcoming. Public procurements in Belarus are considered as how an independent subject without context of local government administrative tasks, and regulating separately, without specifics and problems of regional and local government. Between them there are no essential interrelations. The problem is that the place of public procurement in the system of regional and local government is not defined. The interrelation between these two directions is only that government purchases are funded by the Central and local budgets and off-budget funds. In fact, the interrelations between public procurements and regional and local governments should develop instruments for providing public services.

The absence of serious interrelations between the systems of purchases of both regional and municipal administrations is partly caused by the absence of accurately fixed expenditure assignments or spending rights and functions in the sub-national governments in Bela-

rus. The existing functions are rather indistinct and legislatively are not fixed. For example, it allows performing expenditures for procurements of the higher governments instead of lower ones. Another reason of the absence of interrelations between these directions is the unwillingness of authorities to create a specific system of regional and municipal procurements. They give reason caused by the need of universalization and unification of the public procurement mechanism and exclusive existence of state administration at all levels including local ones. Meanwhile, such regional and municipal procurement specifics have to have the right for existence (see figure 7).

**Figure 7.** • *Interrelation between of local authority competence, expenditure assignments and a choice of an optimum way of purchase*



SOURCE: FIGURE DEVELOPED ON A BASE OF OWN AUTHOR'S RESEARCH

Recognizing that procurement makes sense as an instruments of public service only, it is lawful to demand the optimum ways of its granting determined for each public service “today” and “for the next 3 years”. For example, municipality departments have to have an optimum way of procurement where it has to be noted that at each “subordinated” service: today in the sphere of health care we shall use the fifth way of purchase, and tomorrow in education – the third way. Thus, by each of these ways the economic substantiation has to be developed.

Debatable issues are transparency and accountability problems and an assessment of public procurement productivity by the local governments, local community, mass media, and citizens. The creation and functioning of websites on the placement of public procurement is an important step to improve their transparency, but far insufficient from the positions of accountability and the assessment of public procurement efficiency.

11 Ukaz Presidenta Respubliki Belarus “O provedenii protsedur zakupok pri stroitelstve” [About performing procedures of procurement at construction], ot31 Dekabrya 2013, No 591, 2013 [online]. Available at <http://www.pravo.by/main.aspx?guid=3871&p0=P31300591&p1=1>

So, information on public procurement and legislation acts concerning procurement are published in open access on an official website ([www.icetrade.by](http://www.icetrade.by))<sup>12</sup>. To information on public procurement annual plans of public procurement, invitations to participation in procurement procedures, the documents submitted to the participant for offer preparation on participation, the messages on procedure results of government procurements, data on the contracts, and other lists, protocols and documents are summing up of public procurement procedure in the case of open competitions and electronic auctions. The messages about the results of public procurement procedure are published by the customer on the official website. In the case of e-auction they publish information on an electronic trading platform. At the same time, on official sites the contracts signed as a result of performing of public procurements procedures are not published. In this case, the public and the bidders have no opportunity to track and check the public procurement procedure from the placement invitation to the contract conclusion.

The statistics of an official site shows that messages about procurement procedure results take place only in half of cases which is a direct violation of the current legislation. It testifies that the authorized government body on public procurement: the Ministry of Trade does not cope with the control of all of public procurement procedures though the problem could be solved by the means of simple software. Thus, it is possible to note that information on purchases performing is not full and is not easily available.

In our opinion the message about the results of public procurement procedure have to be published on an official site when all types of procedures are accessible except when data on procurement comprise state secrets. Moreover, the message about public procurement procedure results has to include not only the price of signed contracts, but also the full tender proposal of each bidder. It is also necessary to provide the visibility of the contracts content signed as a result of public procurement procedures. The full text of the contract with all additions and specifications in register has to be published on an official site. But before its official publication the contract has to be considered as an invalid one.

For increasing transparency level and decrease corruption risks in the procurement system it is necessary to introduce e-auctions more widely. Such type of a competitive system of public procurement has to replace all other traditional types of procurement and to become the dominating one in the long term. One of the e-auction advantages is the possibilities of viewing of all procedures, beginning from the offer announcement on purchase up to the performance of contracts by suppliers. Meanwhile in practice, both customers and suppliers reluctantly go to public procurement through e-auction, keeping possibilities for noncompetitive procurement to come back to single source procurement or purchases from a unique source. Thereby it creates opportunities for the existence of corruption in the field of procurement activity. In this connection e-auctions comprise an obstacle for aspirations to perform procurements in the form of “single source procurement” and they will reduce corruption risks. In the long term it

12 An official web-site <http://www.icetrade.by> was created to accumulate information on public procurement as well as statistics and legal acts that regulate public procurement.

is necessary to improve e-auctions having included there procedures of pre-qualification selection of service providers.

In the system of public procurement a problem point is the multilevelness in public procurement decision-making. A preliminary stage of procurement decision-making is connected with carrying out state examination of concrete procurements. After this procedure it is necessary to prepare a business-plan for procurements. Further examination at local level, and then at regional level are performed, as well. The subsequent procedures on procurement should be performed both at the Ministry of Finance and the Ministry of Economics, and final decisions on procurement are made only then. Thus, the inclusion of system into the procurement plan is quite bureaucratic, difficult and also multi-stage.

A serious concern is caused by the lack of control and monitoring of public procurements by the non-governmental organizations which could protect public interests. Such control should be enclosed in the special anti-corruption programme in the sphere of public procurement which has to be developed by the Ministry of Trade and which is non-existent so far.

A not less important debatable issue is the cancellation of the existing discrimination concerning foreign suppliers and contractors. It is known that the new Law on public procurement introduces national treatment for foreign goods (work, services) and bidders offering those goods (work, services) provided the Belarusian goods (work, services) and bidders enjoy similar treatment by the respective foreign state<sup>13</sup>. In our opinion, such measure considerably reduces the competitive environment and cuts down equal opportunities of foreign companies as suppliers. The involvement of well-known international companies into participation in public procurement procedures can not only strengthen the competition in purchasing activity, save budgetary funds, but also substantially reduce corruption risks in public sector. In this connection it is necessary to exclude these discrimination measures provided by the current legislation, concerning foreign goods and companies in order to provide equal opportunities for all bidders.

13 Sakolchyk, Tamara. “Belarusian public procurement laws brought in line with Common economic area legislation”. Lexology. [online]. Available at <<http://www.lexology.com/library/detail.aspx?g=9f9e31ac-b95a-4329-998d-0bd880c0331f>>