

How open contracting approaches help Ukraine to tackle COVID-19

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A global pandemic is a daunting challenge not only for the healthcare system and the economy but for procurement as well. The OCP, OGP, OECD, Transparency International and many other organizations that advocate for transparency and accountability have issued their recommendations and guidelines for maintaining the supply of healthcare during the outbreak, and I'd like to share some of the positive steps being taken in Ukraine.

Supply-demand matching

As the new coronavirus pandemic has grown exponentially, so has the demand for supplies. The lack of medicine and medical equipment is arguably the biggest procurement challenge. Thousands of procuring entities have experienced an unprecedented and unpredictable surge in demand. At the same time, resources are limited. Ukraine is addressing this issue with the help of open contracting data in three ways: demand analysis and consolidation; supplier engagement; and procurement planning and management.

Demand consolidation

The quarantine measures introduced in Ukraine on March 12 created a huge demand, not only from hospitals and healthcare entities, but also from a multitude of other sources: citizens who sought to buy their own masks and other personal protective equipment, antiseptic, medicines and even ventilators; private companies who needed to safeguard their employees; international financial institutions and donors who were reprepairing to reshape their programs to address the pandemic; and volunteers, who actively organized and created their own order lists. Some of these buyers set out to purchase everything they might need in the future: "just buy everything, we still won't be able to over procure", one volunteer told me.

But this is obviously not the best way to conduct public procurement. So Ukraine introduced several tools to consolidate demand. These included [a tool](#) created by the Ministry of Health and the Medical Centralized Procurement Agency, which helped hospitals to predict demand on over 100 items based on hospital capacity, existing equipment, and current load; for example, as of April 6, the vast majority of core and non-core hospitals (more than 2000) have reported their demand and current stocks, and a [public business intelligence tool](#) has been launched to communicate this information to the market and citizens.

Donors.ua, an NGO that usually manages blood donations, also provided a platform for hospitals to create simple request lists for COVID-19 items <https://donor.ua/aid/hospitals>.

Although this tool is not mandatory, it is already widely used by volunteers, who can find a particular hospital and provide assistance to the facility directly.

Supplier engagement

Another significant concern is the shortage of suppliers. An overburdened healthcare system is one of the greatest dangers to managing the pandemic. This is applicable not only to the capacity of hospitals and equipment like ventilators but also to whether suppliers can provide all required goods and services. Not surprisingly, this leads to shortages and prices skyrocketing. For example, recent [research](#) by civil society found mask prices in Ukraine have increased by more than 10 times since January. The pricing rally has put pressure on suppliers: companies are updating their prices several times a day in order to meet current demand. On the other hand, the situation is creating a huge incentive for those who didn't fulfil orders to increase their production capacity. The civil society research also found that three of the top five suppliers of masks in March had not sold such goods previously.

Open data are being used to increase suppliers' capabilities in several ways. First, the public procurement system Prozorro is a perfect resource for those who are looking for potential suppliers. All public procurement data from 2016 are available through an open API, including all bidders, their contact details, and the regions in which they operate.

Another way to simplify procurement is to publish all current proposals available online. Anyone can see current prices, changes and available goods. In Ukraine, Prozorro Market -- an e-shop for public procuring entities, which was launched in April 2019 -- is being used to collect all offers in one place. The Prozorro team is doing its best to boost the number of proposals: the supplier qualification process was radically simplified, and the most popular goods, such as [test kits](#), sanitizers, masks, and protective equipment, were quickly added to the stocklist. Now Prozorro Market can be used as a tool for researching suppliers, price monitoring, and of course purchasing. By collecting all the proposals on one platform, we also reach a price equilibrium more rapidly: suppliers react to their competitors' pricing strategy in a real-time manner.

And last but not least, through data openness, it is easy to show the procurement volume and empower new businesses to become suppliers. The quarantine was introduced in Ukraine on March 12. Within eight days, all necessary changes had been made both at the legislative and technical level to establish a special process for conducting public procurement to curb the outbreak. The procurement procedure may have been simplified, but still remains traceable and transparent. Thus, we can already tell from Prozorro data that Ukraine spent almost UAH 1 billion (USD 36 million) within 16 days (until April 5). Such data are widely used by businesses who might consider turning to the public procurement market in times when their regular business opportunities decline.

Procurement strategy

Having demand and supply consolidated makes planning procurement much easier. As I mentioned earlier, a fast, simple but still traceable procurement method was established by legislation. It doesn't impose open bidding but requires announcements to be published

along with all selection criteria and full, timely reporting. Thus, all procedures can be finalized in one day, while still providing a lot of data. And a comprehensive procurement strategy is being developed, based on data collected. The Medical Centralized Procurement Agency (established in 2018) is starting to conduct high-volume bulk procurement, which will increase a procure's bargaining power and, hopefully, reduce the end price. Open data are vital here to understand both demand and supply.

Moreover, the same data are critical to international financial institutions, private volunteers and charity organizations, who need to understand an actual uncovered demand as well. This is simply addressed by procurement plans, which are being published on Prozorro as well.

Procurement risk minimization is another important use for data. A monitoring tool and legal entity, [YouControl](#), provides free [access](#) for all procuring entities, so they can minimize their risk of dealing with an unreliable supplier.

Communication, a critical success factor

To be useful, data must be properly used and accompanied by stakeholder engagement, and communication. That's why not only data collection but also investigating insights and regular communication are vital parts of our job.

Procurement procedures should be awarded in an open and simple way in order to engage new suppliers and create incentives for potential businesses, with the information provided about market capacity, demand level, and competitiveness. Moreover, overall procurement statistics should be communicated to help involve in public procurement those who will be hardest hit by an economic recession caused by the outbreak.

Prozorro does this by actively communicating with firms through the media and business associations. On a weekly basis, we share information on the most important COVID-19 related procurement and the current state of public procurement (compared to what it was a year ago).



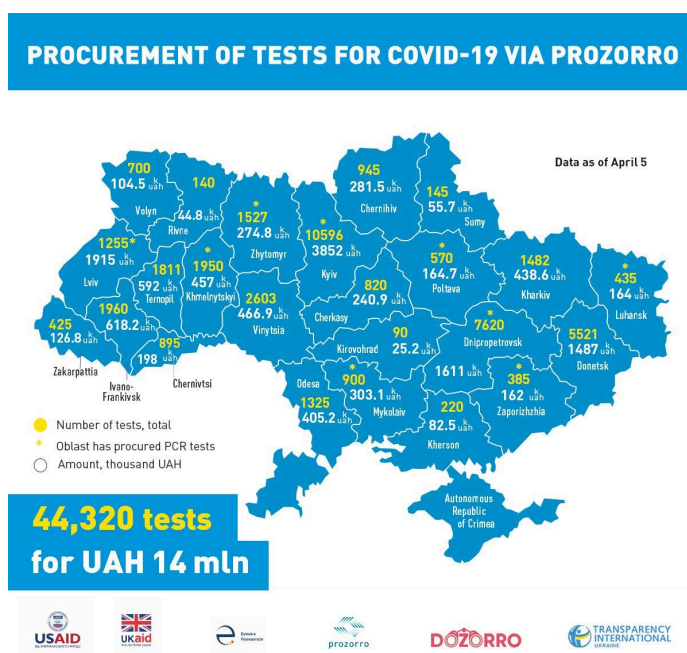
Another communication audience is procuring entities. They require guidelines and recommendations on a number of topics: what should be bought and how; which criteria are recommended and how to find suppliers. Civil society activists from the watchdog project [Dozorro](#) created [guidelines](#) that were distributed to procuring entities by representatives from the Ministry of Health.

Civic monitoring: Data analysis for transparency and accountability

Opening procurement data helps to establish transaction traceability so any wrongdoing can be easily found, disclosed and hopefully, prevented or corrected.

For this reason, data analysis tools were an important part of ProZorro from the very beginning. Similarly, when specific procurement procedures were established for managing the coronavirus outbreak, appropriate updates were made to the business intelligence tools (e.g. bi.prozorro.org and its [description](#)).

Transparency International Ukraine, based on its watchdog project Dozorro, started a dedicated project to focus specifically on COVID-19 procurement. The most important topics are analyzed several times per week, including procurement for [masks](#), [tests](#), and [ventilators](#).



Another good example of open contracting data use is a [medical equipment and supplies procurement map](#) developed by journalists from Slidstvo.Info. With these simple dashboards, anyone can check how many test kits or ventilators were or will be procured by hospitals all over the country.

But it isn't only the COVID-specific procurement that should be monitored. In tough times, the public becomes more sensitive to opaque or unjustified procurement purchases. So any significant spending should also be proactively communicated.

For example, after a public outcry, the Ministry of Internal Affairs canceled the procurement of around 600 vehicles, and the Kyiv city administration canceled a \$2.5m contract for street cameras that would have allowed to recognize faces and measure people's temperature on the streets.

Next steps

Dealing with an emergency requires a holistic approach. Data openness and government accountability cannot be sacrificed, even when radical and urgent steps are needed. Rather than trying to seize as much control as possible, the only way to address such a situation is to build a stakeholder coalition around open and clear contracting data. Contracting data are only a part of a supply chain: the more understanding we have of them, the more we can make smart decisions based on them. In our current circumstances, it will directly impact our lives.