



# Project Information Document/ Identification/Concept Stage (PID)

---

Concept Stage | Date Prepared/Updated: 24-Oct-2022 | Report No: PIDC272565



**BASIC INFORMATION**

**A. Basic Project Data**

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P180126		Low	Ukraine Procurement System Enhancement Project
Region	Country	Date PID Prepared	Estimated Date of Approval
EUROPE AND CENTRAL ASIA	Ukraine	24-Oct-2022	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	SOE Prozorro	SOE Prozorro	

Public Disclosure Copy

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	0.15
<b>Total Financing</b>	0.15
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	0.15
Global Procurement Partnership Multi-Donor Trust Fund	0.15

**B. Introduction and Context**

Country Context

Russian invasion of Ukraine and full-scale aggression started Feb.24, 2022 has created a grave humanitarian crisis with millions of people in desperate need. The estimated overall direct and documented infrastructure losses of Ukraine are estimated to be US\$ 114.5 billion, while minimum reconstruction needs are nearing US\$ 200 billion. These numbers of post-war reconstruction needs will inevitably grow demanding speed and accountability.



The immediate focus is likely to be on restoring essential services and it will require the rapid deployment of significant investment. It is widely recognized that corruption is endemic in post-conflict societies and investments in support of Ukraine's post reconstruction will be at serious risk of corruption, mismanagement, and inefficiency.

#### Sectoral and Institutional Context

A Law on Public Procurement (LPP) was adopted in December 2015 establishing legal and economic principles of procurement of supplies, works and services and aligning with international practices and EU Directives. Starting from 2016, all public procurements are made in the Prozorro electronic system according to set thresholds which have been additionally lowered in 2019 increasing the number of procedures subject to application of the LPP. Openness and transparency at all stages of the procurement processes is one of the principles of procurement set by the LPP.

However, with the beginning of the war and introduction of martial law, application of the LPP was suspended, and all public entities were allowed to procure outside of the system, mostly using noncompetitive methods. With very dynamic situation in Ukraine, after three months of the abovementioned suspension, the Government adopted changes promoting transparency and ensuring minimum level of competition in the public sector of Ukraine.

Looking forward, the Government of Ukraine has already begun active preparation for the post-war procurement. It is planned, that all procurement for recovery, including those funded by international and donor organizations, will be conducted through Prozorro system.

Use of e-procurement system, Prozorro, has been mandated by law since 2016 and is being strengthened for reconstruction. Bank has carried out an assessment of the Prozorro system based on the MDB e-procurement Guidelines and overall found it acceptable for use under MDB financed projects but would require further strengthening in procedural and transparency aspects. Some required enhancement includes use of English as additional language, publication of awards, incorporation of data analytics to monitor performance. The Government has placed much emphasis on transparency and monitoring of risks related to fraud and corruption during reconstruction and has decided to expand monitoring of procurement risk indicators.

#### Relationship to CPF

The project will help raise the level of transparency, efficiency and build trust while responding to the unprecedented crisis in Eastern Europe that is affecting the economies globally. It will also complement the achievement of the overall objective of Prozorro to develop a fully operational electronic eProcurement system, which will include a multitude of e-modules.



A conference on the reconstruction of Ukraine held at Lugano in Switzerland puts emphasis on rule of law and fight against corruption during reconstruction and this proposal will go a long way to address that need. This activity is fully aligned with the agenda of the Government as evidenced from the emphasis on open competitive procedures in procurement and abolishing use of uncompetitive procedures instituted at start of war. Development and introduction of risk-indicators at this particular moment becomes even more important for all stakeholders.

The UPSEP relates to the current Country Partnership Framework for Ukraine dated June 20, 2017, which is aligned with the objectives of the country's development strategy as outlined in the Government Program and Action Plan adopted in April 2017 and is based on the findings and recommendations of the World Bank Group (WBG) Systematic Country Diagnostic (SCD) for Ukraine. The Project will substantially contribute to one of the CPFs focus areas, namely better governance, anticorruption, and citizen engagement. This will also potentially have its positive impact on fiscal and financial sustainability and result in more efficient, effective, and inclusive service delivery. The Project will provide targeted support for building core institutions and systems that strengthen transparency and accountability across the public sector.

Public Disclosure Copy

### **C. Project Development Objective(s)**

Proposed Development Objective(s)

The development objective is to increase transparency of the Recipient procurement activities and strengthen the capacity of Recipient to implement and monitor procurement activities.

#### Key Results

(i) Updated data analytic platform to reflect the changes to Prozorro and offer a sustainable solution to other globally proposed platforms that could be used for reconstruction to ensure transparent and accountable processes and (ii) development and launch of system of automatic risk-indicator.

### **D. Preliminary Description**

Activities/Components

#### **Development of risk indicators for Ukraine's Prozorro system and update of the analytic platform**

To address the Project objectives the activities will include development of the system of automatic risk-indicator that will comprise several sub-systems; updating the data analytic platform to reflect the changes to Prozorro and offer a sustainable solution to other globally proposed platforms that could be used for reconstruction to ensure transparent and accountable processes. It's planned that to achieve Key Results and Project objectives of (a) risk indicators development the Implementing Agency will contract an IT sector private company and (b) the Infrastructure Transparency Initiative (CoST International/Cost Ukraine) for updating of the data analytic platform. The two activities proposed under the Project will be principally



online activities and given the well-developed IT sector of Ukraine, it's expected that development of the above-described functional sub-system will take circa 8 months.

### Environmental and Social Standards Relevance

#### E. Relevant Standards

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
ESS 4	Community Health and Safety	Not Currently Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8	Cultural Heritage	Not Currently Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

Public Disclosure Copy

### Legal Operational Policies

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	
Projects in Disputed Areas OP 7.60	No	

#### Summary of Screening of Environmental and Social Risks and Impacts

The project aims to introduce transparent and flexible system of risk-indicators that will allow stakeholders to monitor procurement especially during reconstruction phase and to quickly react to possible violations. The project does not envisage any civil works and no risks related to land acquisition and resettlement are anticipated. The project activity will be limited to development of the software system of the additional risk indicators for the national procurement system. Overall, the Project does not pose any significant environmental or social risks.



**CONTACT POINT**

**World Bank**

Contact :	Atin Kumar Rastogi	Title :	Senior Procurement Specialist
Telephone No :	5220+35992 /	Email :	
Contact :	Dmytro Donets	Title :	Procurement Specialist
Telephone No :		Email :	

**Borrower/Client/Recipient**

Borrower : SOE Prozorro

**Implementing Agencies**

Implementing Agency :	SOE Prozorro		
Contact :	Vasyl Zadvorniy	Title :	General Director
Telephone No :	380442814287	Email :	v.zadvornyy@prozorro.ua

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

Public Disclosure Copy