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Moscow Leads in Procurement Transparency

By Alexander Bratersky

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Andrei Sharonov

Moscow Deputy Mayor Andrei Sharonov said Monday that the city's experience in conducting procurement tenders should be taken as an example for the country to increase transparency.

"The city government dedicates the closest attention to procurement tenders," Sharonov said at the opening of a city government conference dedicated to the development of state procurement processes.

Sharonov said the city spent 691 billion rubles ($22.3 billion) of budget money via tenders annually, a figure comparable with the budget of a European country.

Moscow, long criticized for problems regarding tenders under previous mayor Yury Luzhkov, is now considered the most transparent among the 83 Russian regions, according to a ranking prepared by the Economic Development Ministry, the Federal Anti-Monopoly Service and the

Audit Chamber and released Monday.

City officials said the number of tenders with only one participant, often seen as an indicator of possible corruption, had slightly decreased from 31 to 26 percent last year.

City authorities have created a system to put all documents for construction tenders in electronic format to increase transparency, said Gennady Degtyev, head of the city department responsible for competitive policy.

"In one case, the city canceled a tender after it was discovered that no public hearings had been held," Degtyev said, referring to a procedure requiring public review of construction plans.

City government officials also said during the conference that more ways are needed to ease the work load of tender commissions, whose members often have to get the job done outside of normal working hours, said Pavel Malykhin, head of the city's staff motivation department.

"We know that we have the stick — a system of fines — but there should be a carrot, too," said Malykhin, who added that Moscow Mayor Sergei Sobyanin had created a fund to award honest personnel.

He also said that city government workers who take part in tenders have to go through polygraph tests. The measure can be effective, since 329 people out of 578 were removed from tender commissions after taking polygraph tests in 2012, according to earlier statements by city officials.

New legislation regarding procurement is expected to replace an older law of 2005 that has long been criticized by experts for a lack of transparency.

Bloggers and opposition activists who monitor state tenders have discovered many violations in the past, such as purchases of excessively luxurious cars by state agencies, including the Interior Ministry.

A bill on state tenders was approved last week by the Federation Council, the upper house of parliament, and is only waiting for the president's signature. The new legislation will allow a bidder to cancel his participation in a tender at any step if he detects suspicious behavior on the part of the organizer. The tender organizer has to report all its activities to the bidders.

But the new legislation still allows the government agency issuing the tender to increase the starting price without justification, said Alexei Devyatov, chief economist for UralSib Capital.

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