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Public Procurement Kickbacks Total One-Third of Russia's Budget Revenue – Survey

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Kickbacks in Russia's public procurement system amount to one-third of Russia's budget revenue, according to a survey published by the RBC news website Monday.

The Moscow Higher School of Economics' (HSE) anonymous survey of 1,200 Russian companies found that 71% of them had encountered corruption during government procurement, according to RBC. Another 28% were unable to answer.

On average, kickbacks equaled 22.5% of the public contract's total value, according to the survey.

The study estimated Russia's total amount of bribes in public procurement at 6.6 trillion rubles ($88.9 billion).

That compares to 35.3% of Russia's budget revenue of 18.7 trillion rubles and 6.2% of Russia's

GDP of 107 trillion rubles in 2020.

“The volume of corrupt payments in procurement is higher than the consolidated budget spending on education or healthcare,” RBC reported, citing HSE’s Institute for Public Administration and Governance.

The researchers explain that companies are forced to seek illegal ways to compete for state contracts due to intense competition and collusion between customers and suppliers, as well as between the bidders themselves.

“It’s more profitable for a supplier to collude in current conditions than to work on unique or innovative goods, works or services,” RBC quoted the study’s authors as saying.

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