

# Alona Lebedieva: Public Procurement Between Reforms and Corruption

*Public procurement in Ukraine, long seen as corruption-prone, has undergone key reforms. War and crisis pushed for stricter oversight and greater automation.*

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[/EINPresswire.com/](https://EINPresswire.com/) -- In 2024, the volume of competitive procurement increased from UAH 348 billion in 2022 to UAH 625 billion, which indicates progress in the field of public procurement. However, as Alona



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Lebedieva, owner of the Ukrainian multi-sector industrial and investment group Aurum Group, notes, "the share of non-competitive procedures remains significant, and although the Prozorro system is a key transparency mechanism, it still has vulnerabilities."

## Artificial division of procurement

One of the most common violations is the artificial division of tenders, which allows you to bypass open tenders and select contractors without a competition. In 2023, auditors discovered such a case in the Mykolaiv region during the reconstruction of the main water supply system.

In April 2023, the Department of Urban Planning and Capital Construction of the Mykolaiv Regional State Administration, instead of conducting open tenders through Prozorro, concluded 12 direct contracts for a total amount of UAH 16.8 million.

"Bypassing the tender procedure, the estimates were "split" so that each contract did not exceed UAH 1.5 million - the limit beyond which open tenders are mandatory. The auditors confirmed the artificial division of the procurement object and transferred the materials for further investigation to the SBU," Lebedieva explains.

## Procurement for "special" participants

"Another serious problem of public procurement is the inclusion of "special" requirements in the tender documentation, which automatically disqualifies most participants and leaves only "privileged" companies in the competition. This mechanism allows you to weed out competitors, even if they offer better conditions and a lower price," says Lebedieva.

A striking example is the Ukrnafta tender, where the requirements specified the use of special equipment that can only be manufactured by a company with Russian roots, Weatherford. This decision automatically excluded competitors with more favorable offers, effectively turning the tender into a pure formality.

And, of course, the main advantage in tenders is connections. With proper contacts and agreements, unscrupulous entrepreneurs simply inflate prices, and the other party agrees to such purchases. The profit is shared. The scheme is primitive and old, but remains effective.

One such corruption scheme is the embezzlement of almost UAH 95 million during the purchase of transformers by Ukrzaliznytsia at inflated prices. According to media reports, the organizers of the scheme ensured the victory of a predetermined company by artificially eliminating competitors under the pretext of a "threat to national security". Then, through an intermediary firm, the company purchased equipment abroad and resold it to Ukrzaliznytsia at double the price.

"This is one of the most common schemes," says Alona Lebedieva. "As a result of these manipulations, the state-owned enterprise suffered significant losses, and the funds were most likely taken abroad and distributed among the participants in the scheme. As a result, as always, the state loses."

Another example of corrupt procurement in state-owned companies was the contract for the supply of pipes to Ukrnafta at inflated prices in 2023. The total contract amount was UAH 40.5 million, although the actual cost of the pipes from the manufacturer was only UAH 21.5 million. As a result, Ukrnafta overpaid more than UAH 19 million, which became the reason for the NABU investigation.

"It is noteworthy that in August 2023, another state-owned company purchased similar pipes at a much lower price – almost one and a half times cheaper. And such discrepancies are very easy to check and compare," notes Lebedieva.

And this is not the first time that Ukrnafta has overpaid: back in May 2023, the company concluded an agreement for the purchase of compressor pipes for UAH 282 million without a competition, again overpaying a significant amount.

"Corrupt people quickly adapt to all changes," notes Lebedieva. "The practice of direct contracts, where deals are concluded without competition, remains problematic, as does the participation of affiliated companies in tenders, which reduces competition and effectively allows them to

share the winnings among themselves.”

A telling example of such collusion was the case of two Kyiv-based firms connected to Kovel, which participated in a tender for the supply of electricity to mine No. 10 "Novovolynska." The companies coordinated their actions, submitted bids from the same IP address, and used identical contact details. As a result, both firms were fined and banned from participating in budget procurements for three years.

### Military Procurement: Opacity and Risks

A separate issue is military procurement, where substantial funds are involved, but transparency remains limited. In 2024, the volume of defense procurement in Prozorro increased from UAH 52 billion to UAH 126 billion, with a significant portion of these contracts concluded without public competition.

This level of opacity raises serious concerns about the efficient use of budget resources. While limited access to procurement details during wartime is understandable, scandals involving inflated prices for food and equipment for the army highlight the need for enhanced oversight even in critical areas.

"Recently, the media reported that the State Bureau of Investigation completed a pre-trial investigation into a Lviv businessman who supplied substandard clothing for the Armed Forces of Ukraine, causing state losses of over UAH 1.5 billion. And unfortunately, such cases are not isolated," says Alona Lebedieva.

### Hope for the Better

Despite identified violations, the introduction of Prozorro has proven effective. In 2024 alone, the total savings due to the system amounted to approximately UAH 41 billion.

In 2025, plans include the implementation of automatic tracking of anomalous price offers. This should reduce the likelihood of collusion among bidders and minimize corruption schemes.

However, a true breakthrough requires not only expanding digitalization and automated control but also ensuring real accountability for fraud. Ukraine's public procurement system resembles a battlefield where reforms compete with corruption. But in this fight, the winner will not be the one who promises the loudest changes but the one who makes corruption unprofitable. Without real punishments, fraudulent tenders will continue to multiply, and Ukrainian taxpayers' money will keep ending up in the pockets of the "right" contractors.

The choice is clear: either strict control and the inevitability of punishment, or another round of billions disappearing into schemes.

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