



# Central Asian Public Procurement Forum

## April 21-24, 2009

# Public Procurement Practices in the Republic of Uzbekistan

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# Republic of Uzbekistan



**Capital city: Tashkent**

**Population: 27.5 million people  
(01.01.2009)**

**Area: 448,900 km<sup>2</sup>**

**Administrative division:  
12 oblasts, 1 autonomous  
republic**

**National currency: sum.**

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## Macroeconomic indicators for 2008

- **GDP growth – 9%**
- **Inflation rate – 7,8%**
- **Share of small business in GDP - 48.2%**
- **Budget surplus – 1.5% of GDP**



# Субъекты государственных закупок

Recipients of budgetary and extra-budgetary funds	Government bodies (controlling bodies)	Suppliers	Organizations contributing to implementation of procurement procedures
<ol style="list-style-type: none"><li>1. Budgetary organizations</li><li>2. Executive directorates of extra-budgetary earmarked funds</li><li>3. Single customer services under the Council of Ministers of the Republic of Karakalpakstan, khakimiats of oblast and Tashkent city</li><li>4. Organizations receiving international grants or credits against the Government guarantee when implementing public procurement at the expense of credits and international grants</li></ol>	<ol style="list-style-type: none"><li>1. Cabinet of Ministers</li><li>2. Chamber of Accounts</li><li>3. Ministry of Finance</li><li>4. MEER&amp;T</li><li>5. State Committee for Architecture and Construction</li></ol>	Economic entities	Banks providing services to forwarders, consulting organizations and other experts' organizations

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# Public Finance Management Reform

## Introduction of the State Budget Execution through the Treasury System

(January 1, 2006)

### LEGAL FRAMEWORKS

- Law of the Republic of Uzbekistan “On Treasury Execution of the State Budget” №664-II 26.08.2004.
- Resolution of the President of the Republic of Uzbekistan “On Measures for Further Development of the State Budget Execution through the Treasury System” №594 dated 28.02.2007.
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan “On Approval of the Regulation on the Treasury of the Ministry of Finance of the Republic of Uzbekistan” №53 dated 20.03.2007.

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## Pre-requisites for a transition to the Treasury execution of the State Budget

- A considerable limitation of a possibility for effective management of temporarily free government funds as balances in thousands of bank accounts of the budget and budgetary organizations;
- Lack of opportunities to implement quality prior and current control over the purposeful use of budgetary funds;
- Complexity when maintaining records and preparing reports on execution of the State budget to the available mechanism of budgetary organizations financing.



## Advantages of the Treasury Execution of the State Budget

- Operational execution of budget expenditures by direct payment for expenditures of budgetary organizations to suppliers' accounts without using accounts of budgetary organizations;
- Significant tightening of control over purposeful use of budget allocations;
- Effective use of temporarily free government funds;
- A significant reduction in unjustified accounts payable of budgetary organizations;
- Improved operational efficiency of collection, processing and analysis of information about the status of the budgets of all levels, as well as daily monitoring over cash execution of revenues and expenditures of the state budget;



# Scheme for execution of payments

## **BEFORE** introducing the Treasury execution of the State budget

budget - ministry - oblast ministry subdivision - budgetary organization - supplier

(payment execution period – up to 5 days, for salaries – up to 7 days)

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## **AFTER** introducing the Treasury execution of the State budget

Treasury - supplier

(payment execution period – 1 day, for salaries – up to 2 days)



# Bidding process

Tenders are conducted to procure imported and local raw materials, materials, components and equipment:

- for the value exceeding US\$ 100 thousand equivalent under one contract;
- financed form:
  - ❖ the state budget;
  - ❖ extra-budget earmarked funds;
  - ❖ foreign grants and credits extended under the Government guarantee by international and foreign financial institutions.

If the terms and conditions of foreign credits extended against the Government guarantee and those of foreign grant specify a different procedure for procurement of goods, as well as is the procurement is done according to decisions of the Cabinet of Ministers of the Republic of Uzbekistan – tenders are not conducted.

Legal frameworks:

Resolution of the Cabinet of Minister of the Republic of Uzbekistan “On Measure to Improve Organization of Tenders” №456 dated November 21, 2000.

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# Public procurement control

## Prior

- Financial bodies – at the moment of registration of estimated expenditures.
- State Committee for Architecture and Construction – at the moment of experts' evaluation of bidding documents.
- Ministry of Economy – when selecting projects to be included into the Investment Program.



# Public procurement control

## Current

- MEER&T – when concluding import contracts (experts' evaluation of import contracts);
- Financial bodies – when financing expenditures for procurement;
- Treasury – when registering contracts (legal and financial commitments);
- State Committee for Architecture and Construction – from the moment of organization of bidding and until the facilities are put in operation.



# Public procurement control

## Post

- Control and Revision Department of the Ministry of Finance
- Prosecutor's Office
- Chamber of Accounts

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# Prospects for introduction of e-public procurement system

## Legal frameworks

- RU Law On Electronic Digital Signature №562-II dated 11.12.2003.
- RU Law On E-Commerce №613-II dated 29.04.2004.
- RU Law On Electronic Payments №13 dated 16.12.2005г
- RU Law ON Electronic Document Turnover №611-II dated 21.04.2004.

## Feasibility study on e-Procurement in Uzbekistan

From May to July, 2009 – a feasibility study will be conducted to study the issue of development of a model information system for e-public procurement with consideration of the experience of the Republic of Korea (Korean On-Line Procurement System)

*Partners:*

*Public Procurement Service of the Republic of Korea (PPS);  
Korean IT Promotion Agency (KIPA).*

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# Thank you for attention!

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