

## LEGISLATION REGULATING PUBLIC PROCUREMENT

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**Annotation:** *This article describes the Laws regulating the state procurement system in Uzbekistan, their content and their essence.*

**Keywords:** *public procurement, procurement control, procurement legislation, legal requirements*

It is known that any national process is very important for the economic and social life of this country. This is because, the result of these processes, whether negative or positive, has a great impact on the population of the country, the economic mechanism of the state and its components. The state procurement process is also a huge and complex mechanism, and one of the important issues is that it is properly organized and not harmful to the country's economy, but highly effective. Therefore, whatever macro-level process takes place, including public procurement, it is necessary to strengthen it with legislation. It is the legislation that helps to improve the mechanism of public procurement and organize its control, and prevents unfair violation of the interests of public procurement subjects and deviations from the adopted laws.

Until 2018, the field of public procurement in Uzbekistan was regulated by more than 30 normative legal documents, in which there was no integrated system. As a result of this, sometimes mutually exclusive situations have arisen. In some cases, repetitive procedures created conditions for corruption and caused a lot of time loss. The Law of the Republic of Uzbekistan "On State Procurement" was adopted on April 9, 2018 in order to prevent such problems, to form a single and integrated legal framework regulating public procurement and to apply it uniformly. The law ensures the openness and transparency of public procurement and the competition of entrepreneurs in this field, and made it possible to effectively use the funds of the state budget, centralized sources and enterprises with a state share.

The following innovations were introduced into practice with this Law:

1. The law defined five procurement procedures (types): e-shop, auction to reduce the initial price, competition, tender, public procurement with a single

supplier. Two of these (e-shop, auction to reduce the initial price) completely negated the human factor in public procurement decision-making. The transparency of the remaining procurement procedures was ensured by publishing the necessary information on a special information portal.

2. According to the law, the procedure for the first procurement from a single supplier, taking into account international standards, adoption of the Code of Conduct for public procurement and socio-economic policy priorities in the implementation of public procurement, including high technological and innovative development Norms such as creating emissions, taking into account the preservation of a favorable environmental situation were included in the procurement practice.

3. In the procurement system, two categories of the state customer were combined. These are budget customers (state bodies; budget organizations; recipients of budget funds directed to the implementation of procurement procedures; state trust funds) and corporate customers (state enterprises; the state share in the authorized fund (authorized capital) is 50 percent and more legal entities; legal entities owned by a legal entity with a state share of 50 percent or more of the authorized fund (authorized capital) and more than 50 percent).

4. An authorized body was established in the state procurement system. Previously, there was no competent body in the field of public procurement. Only the Government Commission on electronic auctions operated.

5. In order to ensure the integrity and interconnectedness of all stages of the public procurement process and unify the mechanisms, procedures and methods of public procurement, the professional skills of the first public customer in the public procurement system; based; rationality, economy and efficiency of financial resources use; openness and transparency; controversy and impartiality; proportion; unity and integrity of the public procurement system; the main principles of public procurement, such as the prevention of corruption, were introduced.

6. Continuous monitoring and strict control over procurement procedures was established. The important thing is that together with the state control, the procurement procedure for the purpose of supporting the development and improvement of state procurement, preventing and identifying violations of the requirements of the legislation on state procurement, and informing state customers and authorized state bodies about the identified violations. a norm of public control over food was introduced. It was determined that public control over procurement procedures will be implemented through the implementation of the

principles of openness and transparency. Citizens of the Republic of Uzbekistan, citizens' self-management bodies, as well as non-governmental non-commercial organizations and mass media registered in accordance with the procedure established by law, exercise public control over compliance with the legislation on state procurement. was determined to be possible.

7. Previously, the contract sums for all procedures (types) of public procurement were measured by a certain equivalent of US dollars, now they are calculated in relation to the current minimum monthly salary as follows.

Table 1

**Public procurement procedures valid from April 9, 2018 to July 22, 2022<sup>105</sup>**

Purchase type	Purchase subject	Budget orderer	Corporate customer
Electronic store	commodity	Up to 25 BCU*	Up to BCU 250
	No more than 2500 BCU in one year		
	work, service	Up to 25 BCU	Up to 25 BCU
Auction	commodity	Up to BCU 2,500	Up to BCU 5,000
Contest	commodity	goods from 2,500 to 6,000 BCU	Between 5,000 - 25,000 BCU
	work, service	Between 25 - 6,000 BCU	Between 25 - 25,000 BCU
Tender	goods, work, service	Above BCU 6,000	Above BCU 25,000
Public procurement with a single supplier	goods, work, service	There is no specific standard	

\*BCU - Base calculation unit

8. Another innovation introduced by the law is the creation of a special commission for handling complaints in the field of public procurement. The activity of the Commission established for consideration of complaints in the field of public procurement was applied to all types of procurement. Previously, the issue of control of public purchases was not regulated, disputes and disagreements were considered only by a special commission on electronic sales. Now, the special commission for reviewing complaints has been assigned the task of reviewing the complaint within a short period of time with the participation of the state customer and the participant, as well as making a decision within seven working days after receiving the complaint and placing the information on a special information portal.

<sup>105</sup>Compiled by the author

On April 22, 2021, the Law "On State Procurement" was adopted in a new version. The main provisions of the UN Commission on International Trade Law (UNCITRAL) model law on public procurement, recommendations of the Organization for Economic Cooperation and Development and the experience of a number of foreign countries were used in the preparation of the law. The law serves to improve the position of our country in international rankings, such as the monitoring of the Istanbul action plan to fight against corruption by the Organization for Economic Cooperation and Development, and the international assessment of the effectiveness of public finance management (PEFA)..

With the new version of the Law, a number of innovations and changes were made to the practice. Including:

1. *Corporate system of making purchases by customers and strategically important economic societies and enterprises has been improved.* Legal entities with a state share of more than 50 percent in their charter and the sum of the share of state enterprises and enterprises with a state share of more than 50 percent are included in the list of corporate customers. In cooperation with the state asset management agency, it was established that the list of corporate customers will be kept on a special information portal.

2. *Procurement procedures have been simplified for the convenience of state customers and entrepreneurs.* State customers were given the opportunity to independently choose the types of procurement procedures. In this case, at the request of the state customer, state purchases by budget customers are up to six thousand times the amount of the basic calculation (up to two thousand five hundred times in the electronic store) and by corporate customers up to twenty five thousand times the amount of the basic calculation under one contract. can be done by mining, auction or selection.

It was possible to carry out purchases in a simplified manner without the participation of the procurement commission on the basis of direct contracts. In this case, the amount of one contract should not exceed 25 times of the Base calculation unit for budget customers (500 times during one fiscal year); 50 times of base calculation unit for corporate customers (1,000 times during one fiscal year).

The minimum terms for placing advertisements in the implementation of procurement procedures have been reduced. 5 working days (+ 2 working days for discussion) when making a purchase using the selection method; for 12 working days when purchasing by tender method.

3. In order to increase the responsibility of the state customer and other participants the requirement to include representatives of the Ministry of Investments and Foreign Trade and the "Uzinjining" institute in the composition of the state procurement commission was canceled and it was decided that it would be composed of representatives of the customer.

4. A number of changes have been made to procurement procedures.

Table 2

Procedures for public procurement from April 22, 2021<sup>106</sup>

Purchase type		For budget customers	For corporate customers	Term
Direct (simplified selection)	Goods	0-25BCU*	0-50BCU	-
	Work, service			
	In one fiscal year	0-500BCU	0-1000BCU	
Electronic store	Goods	0-2500BCU (up to 10,000 times the same type of goods in one financial year)	0-25000BCU	48 hours
	Work, service	0-50BCU 0-12,250,000 soums (up to 500 times the same type of work, services in one financial year)	0-100BCU (up to 1000 times the same type of work, services in one financial year)	
Auction	Goods	0-6000BCU	0-25000BCU	5 working days
	Work, service	-	-	
Choosing the best offers	Goods	0-6000BCU	0-25000BCU	5 working days (2 working days of discussion)
	Work, service	0-6000BCU	0-25000BCU	
Tender	Goods, work, service	6000BCU - ...	25000BCU - ...	12-30 working days

\* BCU - Base calculation unit

<sup>106</sup>Compiled by the author

5. *Prevention of corruption and measures to ensure transparency were established.*

– Anti-Corruption Agency included in the list of bodies controlling public procurement;

– Participant of the procurement procedure and its affiliated person may participate in the same sale, the member of the procurement commission may vote in the case of affiliation with the participants;

– Auditing of public procurement by the Accounts Chamber and it was decided to submit the results to the Legislative Chamber of the Oliy Majlis every year and publish them in open information sources;

– Ministry of Finance and other participants were tasked with publishing trading results, cases of law violations, and analytical data in open information sources;

– The special information portal systematizes the processes of planning public procurement, implementation of procurement procedures, contract conclusion, monitoring and control of public procurement<sup>4</sup>

– Included in the unified register of dishonest performersthe period of restriction on participation of entities in public procurement was shortened from three years to two years;

– Many other changes aimed at further development of the state procurement system, wide involvement of business entities in the field and ensuring openness and transparency were envisaged.

6. *Planning of public procurement period was strictly defined.* In this, the annual schedule of state purchases will be posted on a special information portal by budget customers by March 25 of the year, and by corporate customers by December 25 of the year. Quarterly schedules of state purchases for the next quarter will be posted by state customers on a special information portal by the 25th of the last month of the current quarter.

7. The requirement of procurement procedures to select the best offers and conduct tender types in electronic form in a mandatory manner was implemented from January 1, 2022.

In short, a number of legal and regulatory documents on the organization and regulation of public procurement have been adopted in the Republic of Uzbekistan. Effective, targeted spending of state budget expenditures and funds of enterprises with a state share in the charter and their transparency is ensured through these legal documents.

During the past period in our country, based on the international experience and the requirements of economic reforms, a unique system for the organization of public procurement was formed. The main emphasis was on the effective use of budget funds, giving more privileges to small business entities in the procurement process, and the organization of the existing mechanism of the state procurement system in accordance with international standards.

**In turn, the development of modern forms and procedures in the state procurement system has become a vital necessity. The improvement of public procurement is directly related to the creation of a perfect legal framework in this field and its development in accordance with international experience.**

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