



## PROBLEMS OF PREVENTING CORRUPTION IN PUBLIC PROCUREMENT (BASED ON THE EXPERIENCE OF THE REPUBLIC OF UZBEKISTAN)

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**Annotation.** The article discusses some issues of creating an effective anti-corruption mechanism in the field of public procurement in the Republic of Uzbekistan through historical and legal analysis. Special attention is paid to the positive experience of preventing corruption that occurs in public procurement, analyzing the shortcomings and problems, as well as further improving the anti-corruption mechanism in the field of procurement.

**Keywords:** public procurement, corruption, corruption violations, bribery, embezzlement, prevention

Proper organization of a system for preventing corruption offenses in public procurement will not only ensure economic security but also facilitate the achievement of national strategic goals and generate economic benefits.

In recent years, a unique system for preventing corruption in public procurement has been developed, incorporating international best practices and adapting to contemporary demands. At the same time, the main emphasis was placed on the effective use of budgetary funds, the creation of new jobs, increasing openness and transparency, and enhancing public oversight and accountability by expanding opportunities for local small businesses in procurement processes.

Special attention is also paid to improving the efficiency and effectiveness of the prevention of corruption offenses through the development in recent years of modern forms and procedures in the field of public procurement and the use of new technologies. These processes, in turn, require constant improvement of the perfect legislative framework in this area so that it meets the requirements of the time.

It is advisable to divide the formation of the legal framework for the prevention of violations in the field of public procurement in the Republic into 4 stages and research:

The first stage includes the period from 1991 to 2011, and first the adoption of the Criminal Code of the Republic of Uzbekistan, the Civil Code, and the Laws of the Republic of Uzbekistan "On contractual and legal bases of business entities" laid the first foundations the legal framework for the prevention of corruption offenses.

In 1991-2000, the huge amount of discretionary powers vested in officials responsible for public procurement and the high risk of corruption resulting from the closure of the industry to public scrutiny required reforms.

The second stage, covering 2011-2017, necessitated improvements to the existing system by incorporating international standards and scientific advancements, as well as introducing new procurement procedures designed to mitigate corruption risks.

According to the decree of the President of the Republic of Uzbekistan dated April 5, 2013 "On approval of the electronic procurement system and expansion of use by business entities" PQ-1943, since May 1, 2013, subjects of natural monopolies with a state share in the

authorized capital of more than 50 percent, state unitary enterprises and business companies have also been established to purchase goods specified by the government commission (works and services) in the amount of 300 to 100,000 US dollars in equivalent for one contract through e-commerce, which is organized on separate trading platforms of the commodity exchange of the Republic of Uzbekistan .

As a result, the share of suppliers of goods (works and services) in the total number of suppliers of goods (works and services) in the field of public procurement increased, in 2011 it amounted to 6.2 thousand, in 2012 - 9 thousand, in 2013 - 10.5 thousand, in 2014 - 33.7 thousand, in 2015 - 38.9 thousand. In 2016, 43.8 thousand took part in the public procurement market, in 2017 - 47.6 thousand business entities, strengthening the anti-corruption public and competitive environment in this area . As a result, budget funds of 22 crore in 2011, 81.4 crore in 2012, 83 crore in 2013, 117.3 crore in 2014, 139.8 crore in 2015, 133 crore in 2016, 136.9 crore in 2017 were adjusted to reflect the original prices .

At the third stage, on April 9, 2018, the law of the Republic of Uzbekistan "On Public Procurement" was adopted, due to the presence of about 30 regulatory legal acts in the field of public procurement and the elimination of legislation and the state of the integrated system .

When adopting the law, the main provisions of the model legislation of the United Nations Commission on International Trade Law (UNCITRAL), the legislation of the European Union, the United States, Russia, Belarus, Kazakhstan and other states are taken into account .

Article 12 of the Law establishes the principle of "prevention of corruption", recognizing that the requirements for the organization and conduct of procurement procedures should not allow corruption offenses in the field of public procurement, in which priority should be given to measures aimed at preventing corruption.

In turn, article 13 of the law establishes that one of the main goals of state regulation of public procurement is to create a favorable environment for public procurement entities in order to meet the needs of budget organizations, recipients of budget funds in goods (works, services), as well as the fight against corruption and other violations of the law.

The following changes have been made to the system of prevention of corruption offenses in the field of public procurement:

1. When making purchases, the transfer of an electronic store and an electronic auction were regulated by law, which reduce the "human factor", as well as public procurement conducted with a tender, tender and a single supplier. The openness of all procurement procedures is ensured by the publication of information on public procurement on a special information portal.

2. Government customers and the operator of a special information portal have developed rules of etiquette for conducting public procurement, which establish measures to prevent conflicts of interest, procedures for verifying professional training and requirements for it. Responsible persons of the State Customer and the operator of a special information portal, members of the Procurement Commission were prohibited from receiving tangible and intangible assets from participants and performers, and the rules of etiquette were indicated, which should be published on the official websites of state customers or their higher authorities.

3. One of the subjects of prevention of corruption offenses in the field of public procurement became "state customers", which were divided into two categories, namely budget and corporate customers.

4. As part of the implementation of measures to prevent corruption offenses in the field of public procurement, institutional structures have been established, and the Ministry of Economy and Finance of the Republic of Uzbekistan has been established as an authorized body. A special commission has also been set up to deal with complaints in the field of public procurement.

The Accounts Chamber of the Republic of Uzbekistan and the Prosecutor General's Office of the Republic of Uzbekistan were established as institutional structures for the prevention of corruption offenses in the field of public procurement.

5 The court ruled that the performers found guilty of crimes related to fraud, forgery of documents and corruption were included in the unified register of unscrupulous performers and were prohibited from participating in procurement for 3 years. It was determined that a participant would be barred from participating in procurement procedures if he gained an unfair competitive advantage or if he created a conflict of interest in violation of the law.

6. In the field of public procurement, the norm on public control has been introduced, which establishes constant monitoring and control of procurement procedures, which is an important tool for preventing corruption offenses. Compliance with the legislation on public procurement is reinforced by the fact that public control can be carried out by citizens of the Republic of Uzbekistan, citizens' self-governing bodies, as well as non-profit organizations and mass media registered in accordance with the procedure established by law.

Based on the summary of the period that passed at the fourth stage and the shortcomings made in it, the new version of the law on public procurement was adopted on April 22, 2021.

The adoption of the law positively influenced Uzbekistan's standing in international rankings, including the OECD Istanbul Anti-Corruption Action Plan and the Public Expenditure and Financial Accountability (PEFA) assessment.

The law introduced a number of changes to the system of preventing corruption offenses in the field of public procurement:

1. A number of procedures have been simplified for government customers and business entities. In particular, government customers were given the opportunity to independently choose the type of procurement procedures (e-shop, auction or selection). It was established that direct contracts should be concluded without the participation of the Procurement Commission, the amount of one contract should not exceed 25 times the amount of the basic calculation for budget customers and 50 times the amount of the basic calculation for corporate customers. The requirement to select the best proposals for procurement procedures and to transfer the types of tenders to electronic form into a mandatory procedure was introduced on January 1, 2022.

2. The following measures have been established that are important in the implementation of measures to prevent corruption offenses in the field of public procurement: In particular, article 13(3) of the Law was supplemented with article 3 as follows:

"Prevention of corruption in public procurement:

unfair competition and the use of impartial criteria in decision-making;

creation of an effective monitoring and control system, including internal monitoring and controlling;

information on violations of the requirements of this law and other legislative acts in the field of public procurement is published in open information sources.;

Public procurement procedures are carried out by ensuring that they are carried out in accordance with the requirements established by this law."

3. The concepts of "beneficial owner" and "affiliated person of a participant in procurement procedures" were defined, which were important in the implementation of measures to prevent corruption offenses in the field of public procurement.

4. The Agency of the Republic of Uzbekistan for Combating Corruption was included among the institutional structures for the prevention of corruption offenses in the field of public procurement.

It was established that the Accounting Chamber of the Republic of Uzbekistan will conduct an audit of public procurement and annually submit the results to the Legislative Chamber of the Supreme Assembly of the Republic of Uzbekistan, as well as publish them in open sources of information.

The Ministry of Economy and Finance of the Republic of Uzbekistan was instructed to publish the results of tenders, information on violations of legislation and analytical information in open sources for other participants.

5. The participation of a participant in procurement procedures and its affiliated person in one sale, the voting rights of a member of the Procurement Commission in case of affiliation with the participant, was limited.

6. A special information portal systematizes the processes of planning public procurement, implementation of procurement procedures, conclusion of contracts, monitoring and control of public procurement.

By setting a public procurement planning period, a strict procedure was established for posting this open data on a special information portal.

In accordance with the decree of the President of the Republic of Uzbekistan dated 3 December, 2024 "On additional measures to support manufacturers in the field of public procurement and create broad opportunities for them" PQ-417, a number of reforms have been implemented aimed at promoting e-commerce in public procurement, combating corruption and strengthening the competitive environment, including the development of an industrial map in the field of public procurement. manufacturers in terms of territories and goods, as well as the establishment of mutually beneficial cooperation relations between manufacturers and the creation of the possibility of concluding non-standard contracts . In turn, during the reforms, it is planned to increase the level of modern financial technologies and e-commerce tools in the field of public procurement.

As a result of the reforms carried out during this period, budget and corporate clients saved 913.7 billion sums in 2020, 5.8 trillion sums in 2021, 8 trillion sums in 2022 , 14 trillion sums in 2024 .

The analysis conducted on the basis of a historical approach in the course of the study shows that the system of preventing corruption offenses in the field of public procurement goes through successive stages of formation and improvement.

Based on a brief summary of the evolutionism of the reforms and the shortcomings made over the past period, it is advisable to identify the following areas for further



improvement of the legal framework for the prevention of corruption violations in the field of public procurement:

1. Examination of regulatory legal acts regulating the field of public procurement for persistent corruption, norms that allow corruption, in particular legal loopholes, reduction of discretionary powers, legal regulation of criteria for decision-making processes;
2. Ensuring the functioning of effective institutional structures for the functioning of the system for the prevention of corruption offenses in the field of public procurement;
3. Modern information technologies that allow effective monitoring of public procurement, early detection of corruption violations in the field of public procurement and prevention of their serious negative consequences, effective use of opportunities, application of scientific achievements to these processes;
4. Expanding the capabilities of public control mechanisms by strengthening the competitive environment in the field of public procurement, ensuring the widest possible participation of business entities in the industry.;
5. Ensure their active and influential participation in the prevention system by increasing the anti-corruption knowledge of the population, business structures and media representatives;
6. Wide opportunities for journalistic investigations of corruption, expansion of the field of open data;
7. Create reliable channels for reporting corruption and ensure reliable social and legal protection for whistleblowers.
8. Expand international cooperation in the field of combating corruption and actively participate in the activities of international organizations..

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