



ORGANISATION FOR ECONOMIC  
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ORGANISATION DE COOPÉRATION ET  
DE DÉVELOPPEMENT ÉCONOMIQUES

## **Anti-Corruption Network for Eastern Europe and Central Asia**

Istanbul Anti-Corruption Action Plan

Second Round of Monitoring

# **Uzbekistan**

## **Progress Report**

Report is presented by Uzbekistan at the 10<sup>th</sup> Monitoring Meeting on 28-30 September 2011.

Uzbekistan keeps improving the national anti-corruption legislative and institutional basis, ensuring the society's transparency and openness, accessibility of information and promotion of international cooperation in this area.

Over a short period of time, that is, between submission by Uzbekistan of the self-assessment report in September 2010 and today, the measures undertaken by the nation gave rise to a number of positive developments in the anti-corruption area in the country.

Adoption of the "Concept for promotion of democratic reforms and formation of civil society in the country", which the Head of the State delivered on 12 November 2010 at a joint session attended by both chambers of the Parliament, emerged as an important anti-corruption move.

The Concept is a program document, which identifies the vector of further reforms in the country, and it is considered one of fundamental documents as far as combat against corruption is concerned.

Specifically, six priority avenues set forth in the Concept provide for promotion of reforms in the area of democratization of public governance and administration, judiciary and legal system, information and ensuring freedom of speech, the electoral law, fostering civil society institutions, as well as for furthering market reforms and liberalization of the national economy.

Along with the Concept, the President of the Republic of Uzbekistan put forward a package of legislative initiatives, which provides for amendments to a series of legal acts and by-laws, as well as for development of new normative and legal acts aiming at promotion of democratic reforms and civil society fundamentals in the country.

More specifically, the Constitution saw some amendments, which substantially expanded the institution of parliamentary control. The amendments meet democratic principles guiding the process of nomination and approval of the candidacy of Prime Minister, formation of the Cabinet, tabling a motion of no confidence to Prime Minister by the Parliament, and the former's accountability before the lower Chamber of the Parliament.

The launch of the process of development and adoption of the Act "On operative-investigative activities" is worth a particular notion. The Act should increase efficacy of measures on prevention and exposure of crime, including corruption-related offenses.

Given the current political and legal realities and the developed nations' record, the Concept provides for establishment of a target holistic program aiming at a drastic improvement of the legal education and awareness-raising activities in the country, and promotion of the level of legal expertise in the society.

Proceeding from Uzbekistan's international commitments to combat against corruption, an initiative was put forward on development of the Act "On openness of public administration and governance bodies' operations". The Act should secure the citizenry's constitutional right to access to information, and it should in many ways increase the public administration cadres' responsibility for the timely and adequate exercise of responsibilities rested upon them.

In order to establish efficient legal mechanisms aiming at solidification of the role mass media plays in ensuring the public-at-large and Parliament's control over public administration and governance bodies' operations and close links between the public administration and the society, the President of the Republic of Uzbekistan proposed to amend a string of legislative acts regulating mass media's activities.

To boost the public administration bodies' performance and preclude corruption in their operations by increasing the role played by civil society institutions, development of the Act "On public control in the Republic of Uzbekistan" was initiated. The Act should aim at establishment of an efficient legal mechanism of exercise of control over public administration and governance bodies' compliance with legislative acts.

As far as an effective promotion of civil society institutions and their role in ensuring transparency and efficacy of the current reform efforts are concerned, a particular emphasis is made on development of the Act "On social partnership". The respective draft provides for a strict division of functions and improvement of organizational and legal mechanisms of interaction between NGOs and government structures in implementation of socio-economic development programs, addressing humanitarian challenges, advocacy of rights, freedoms and interests of various strata of the population.

In addition, the Concept provides for drafting a National Action Plan in the area of human rights, including measures on conducting public monitoring of observance with the laws, including the one exercised by law-enforcement and controlling agencies in the first place, as well as in the sphere of protection of human rights and freedoms, and combat against corruption.

In order to further reduce and duly structure the public administration and governance bodies' oversight and executive functions, simplify administrative bodies' activities and counter illicit interventions in economic agents' operations, the Concept provides for development and adoption of the Act "On licensing procedures in the entrepreneurial area".

In pursuance of tasks set by the State Program approved by Resolution of the President of the Republic of Uzbekistan of 7 February 2011, № PP-1474, the procedures of public registration of business agents and their access to mechanical, electrical and plumbing systems underwent a drastic simplification. The state duty for the legal registration was cut twice.

On the basis of the aforementioned Resolution, the President of the Republic of Uzbekistan issued Decree of 24 August 2011, № UP-4354, "On additional measures on formation of a maximum favorable business environment for promotion of small businesses and private entrepreneurship". The Decree sets the following objectives: lifting excessive bureaucratic barriers and obstacles to advancement of private property and small businesses; implementing concrete measures on cutting back on public administration functions and granting a greater freedom to entrepreneurship; radically abrogating various licensing provisions and restricting procedures exercised by public administration bodies; ensuring openness and transparency in relations between business agents and public administration bodies, tax and controlling agencies; drastically simplifying the accounting system and the mechanism of submission of statutory reporting forms to financial, tax and statistical agencies, along with a stage-by-stage transition towards e-reporting; granting small and private businesses extra exemptions and preferences in respect to tax, customs and other payments, which should give a boost to their advancement and efficiency; simplifying and liberalizing procedures of entry into export contracts and the customs administration procedures on the whole, etc.

Plus, to further promote openness and liberalization of banking operations with regard to business agents, new measures were designed, which provide for a substantial simplification of administrative procedures.

As far as prevention of corruption is concerned, the President of the Republic of Uzbekistan adopted yet another normative-legal act – that is, Resolution of the President of the Republic of Uzbekistan of 25 August 2011, №PP-1604, "On measures on elimination of bureaucratic barriers and furthering the freedom of entrepreneurial activities". The Act addresses barriers red tape sets to development of private property and to generation of favorable conditions for businesses' expansion. Effective of September 1, 2011, not only does the Resolution abolishes the effect of licensing documents in the business activities area per the list set by the Cabinet's decisions, but bans public administration agencies and local governance bodies from introducing new permits and licensing procedures not set forth by law.

Executive order of the President of the Republic of Uzbekistan of 14 January 2011 №R-3557 "On measures on implementation of priority directions of the "Concept for promotion of democratic reforms and formation of civil society in the country" in the area of deepening the democratic market reforms and the economy liberalization" regulates the Action Program on implementation of the Concept, which in turn provides for development and adoption of a series of normative and legal acts of the Republic of Uzbekistan. In pursuance of the aforementioned Executive Order, a bill "On licensing procedures in the sphere of entrepreneurial activities" was designed and submitted to the Cabinet. The bill is supposed to unfold into a basic act to cement main principles and provisions underpinning the licensing system. Major objectives of the bill are: unification of conditions and procedures of passage through licensing procedures at public administration bodies; elimination of excessive bureaucratic barriers in the course of exercise of licensing procedures in the sphere of entrepreneurial activities; ensuring an utmost transparency of administrative procedures; radical cuts in the number of licensing procedures and permits for business agents; a ban on introduction by public administration bodies of new kinds of permits and licensing procedures not provided for by law; and minimization of opportunities for malfeasance.

As well, the bill provides for the "one-stop-shop window" licensing principle.

To put it in a nutshell, should the need to seek a license from a public office necessitate submission of licensing documents produced by any other public office(s) or getting their approval, the staff of the former public office is bound to seek the necessary permits or the said approval by themselves. Furthermore, the bill provides for approval of the list of such permits, thus restricting discretionary actions by public

administration bodies engaged in licensing procedures in the sphere of business activities. The bill is set for adoption any time soon.

As well, the said Action Program provides for submission of the recently reworded Act of the Republic of Uzbekistan “On state control of economic agents’ activities”, which aims at improvement of procedures of control over economic agents’ activities, minimization of interference in operations of the economic agents who observe with law in good faith.

Much work has been done to improve measures in the public procurement area.

In compliance with Resolution of the President of the Republic of Uzbekistan of 7 February 2011, №PP-1475, “On optimization of the public procurement system and intensification of attraction of small businesses thereto”, a new mechanism of public procurement of goods (works, services) was designed effective of April 1.

The new strategy behind the public procurement mechanism is to promote a more robust competition between prospective suppliers and to ensure transparency in respective transactions.

In compliance with the presidential Resolution, a detailed action plan was approved, which provides for implementation of a set of practical measures, including, in particular, development of an information portal on public procurement.

The portal is an information web site ([www.goszakupki.uz](http://www.goszakupki.uz)), whose mission is to update prospective bidders on public procurement orders with regard to various goods (works, services). More specifically, the web site will comprise the list of public procurement orders (including those put forward by regions), respective order placement timetables, registers of public contracts and organizations, and reference information. In search for a particular invitation to tender, the user can get for free the whole lot of necessary information, including, in particular, the commissioner’s name and address, sources of funding of the tender’s subject, the tender commencement date, information about its length, and the tender closure date. Plus, the portal contains information of the reserved price of the tender’s subject, its characteristics (specification), the size of the lot, and other necessary data.

The presidential Resolution holds that public procurement of some individual kinds of goods (works, services), the list of which is set by the Government Public Procurement Commission, per a contract worth a total of between USD 300 and 100,000 (in the local currency equivalent), is effected by means of electronic auction arranged by the Uzbek Republican Commodity Exchange. A draft Statute on procedures of organization and holding e-auctions on public procurement orders at URCE has been already developed.

Any discrepancies and disputes arising in the course of the auction, claims and petitions with regard to the commissioner, the organizer of the auction, the working body, or competitors’ actions and decisions are subject to consideration by the economic court in accordance with procedures set by law.

Where small businesses participate in such auctions or tenders and file petitions concerning violation of their right to access to auctions, or where the commissioner or the working body has attempted to restrict competition, or where the commissioner, post-auction, has failed to honor the contract concluded with him, then such cases are subject to consideration by economic courts prior to all other cases. In the course of such a trial, notwithstanding the final verdict, small businesses are exempt from the state duty while filing petitions on the working body’s decisions.

In order to ensure education and to render consulting services, the decision was made to establish a special Center, whose main tasks are: preparation, in collaboration with the Treasury of the Ministry of Finance, of documentation with regard to public procurement; testing in practice mechanisms of conduct of pre-auction activities and auctions *per se*; information support to the auction/tender process and its outcomes with the use of the Information Portal and media sources; and a regular monitoring of the public procurement process, among others.

In addition, much attention will be paid to training and re-training programs for market participants. More specifically, advanced training programs for small businesses and entrepreneurs, and representatives of budgetary organizations (including those in the regions) are to kick off shortly under the auspices of the Ministry of Finance of the Republic of Uzbekistan. The training program is going to be unique and to comprise down-to-earth workshops and training sessions. The program will be developed by experts from

URCE, the Ministry of Finance, the Ministry of Economy and the Chamber of Commerce, who should warrant the quality of training and make sure future trainees will acquire an extensive expertise.

The interdepartmental Task Force established to develop measures on improvement of anti-corruption mechanisms continues its operations. In addition to senior government officials, the Task Force comprises academics and representatives of educational institutions, and civil society representatives.

The Task Force operates in accordance with the approved plan which embraces, in particular, development of measures on implementation of the Istanbul Anti-Corruption Action Plan.

The focal point of the Plan is development and submission to the Parliament of the bill "On the National program on promotion of combat against corruption in Uzbekistan". The plan sets concrete directions of improvement of institutional and practical fundamentals of combat against corruption in the country and comprises main recommendations set forth in the Istanbul Anti-Corruption Action Plan and requirements of the UN Convention against Corruption.

The work on drafting the bill is currently nearing completion.

The national legislature is also engaged in discussions on, and development of measures on improvement of legislative and practical pillars of combat against corruption.

More specifically, members of the Legislative Chamber and *Oliy Majlis* took part in international workshops co-sponsored by the Regional UNODC Office. Held in November 2010 and September 2011, the workshops focused on implementation in the national law of provisions set forth in the UN Convention.

On September 6, 2011, the Committee for Defense and Security of the Legislative Chamber of the national Parliament organized a roundtable on corruption and had a broad circle of civil society representatives participate in it. During the roundtable, MPs vowed to vigorously contribute to implementation of anti-corruption measures.

In addition, during the period under review, a number of international workshops, training sessions and other antic-corruption events were held, with UNDOC and other international organizations co-sponsoring them.

The systemic study of international record of combating corruption is under way. Specifically, to this end, senior officials from the Ministry of Justice, the Supreme Court, and the Prosecutor General's Office undertook a study tour to the Korean Republic.

A particular attention is paid to research into the phenomenon of corruption.

To cite a particular example, *Ijtimoiy Fikr*, the public polling center, permanently monitors and conducts extensive research into corruption on the national level.

In September 2011, the Chamber of Commerce of Uzbekistan and the Independent Institute for Monitoring of Formation of Civil Society launched a joint nationwide project which implies a series of workshops to beef up entrepreneurs' legal culture as an anti-corruption factor. The project implementation framework provides for running sociological surveys on businesses regarding corruption.

The Center for Advanced Training under the Prosecutor General's Office also runs studies into perception of corruption by means of surveys and polling.

A number of academic institutions are likewise engaged in sociological and scientific examination of corruption.

In addition, to increase awareness and ensure anti-corruption education of public officials, training sessions were launched at a number of government agencies.

More specifically, it is planned to arrange such trainings for public officials in charge of public procurement as early as in September and October 2011.

Plus, the Cabinet of the Republic of Uzbekistan commissioned the Ministry of Justice in tandem with the Prosecutor General's Office to design an anti-corruption evaluation methodology.

Likewise, the issue of raising the populace's awareness has come into the limelight.

More specifically, representatives of the Prosecution Service and the Ministry of Justice run anti-corruption propaganda and have already held 1.500-plus face-to-face meetings with local residents (some 42,000 in total) in all the regions of the Republic. At the meetings, they clarified provisions of the effective law and highlighted on practical aspects of its enforcement. Other agencies also run similar events.

Posters, brochures, flyers, and other kinds of visual anti-corruption propaganda are printed regularly and disseminated amid local residents and representatives of certain target groups.

The public agencies engaged in anti-corruption activities vigorously interact with civil society institutions. Thus, to ensure a greater efficiency in exposing potential administrative barriers, red-tape hurdles, and corruption cases, which impede a normal rise of entrepreneurship, in February 2011, a department under the Prosecutor General's Office and the Chamber of Commerce of Uzbekistan concluded a cooperation agreement and approved an action plan of its implementation for 2011. To promptly expose facts of corruption, identify administrative barriers and other problems, the parties to the agreement launched the "The Open Day" project, which provides for their regional representatives' systematic meetings with businesses.

Other public bodies are also engaged in similar activities.

The Prosecutor General's Office launched its own hot line (with the simplified dial-in number 007), the information about which is regularly published in central media and communicated through other channels. Other public agencies established their hot lines, too.

The Advanced Training Center under the Prosecutor General's Office designed a "Countering Corruption" educational module, which was introduced into the respective curriculum. The Ministry of Justice, the Ministry of Interior, the State Tax Committee and other public agencies are designing similar measures.