THE PUBLIC PROCUREMENT SYSTEM OF THE REPUBLIC OF KAZAKHSTAN
INSTITUTIONAL STRUCTURE OF THE PUBLIC PROCUREMENT SYSTEM OF KAZAKHSTAN

MINISTRY OF FINANCE

METHODOLOGY
DEPARTMENT OF PUBLIC PROCUREMENT LEGISLATION

CONTROL
INTERNAL PUBLIC AUDIT COMMITTEE

TECHNICAL MAINTENANCE OF THE WEB-PORTAL («CENTER FOR E-COMMERCE» LLP)

SINGLE ORGANIZER
(PUBLIC PROCUREMENT COMMITTEE)

WEB-PORTAL
WWW.GOSZAKUP.GOV.KZ

CLIENTS (STATE ENTITIES, PUBLIC AGENCIES, JSC, LLP)

CHECK-UP (REVIEW) COMMITTEE

INTERNAL AUDIT SERVICES

ACCOUNTS COMMITTEE

SUPPLIERS (LEGAL ENTITIES AND INDIVIDUAL ENTREPRENEURS)

PROSECUTOR OFFICES, NATIONAL BUREAU, ETC.

OTHER CONTROLLING BODIES

REGULATORY AND LEGAL FRAMEWORK
EEU AGREEMENT (ARTICLE 88 AND ANNEX №25)
WTO RELATED COMMITMENTS
PUBLIC PROCUREMENT LAW AND RELATED BY LAWS OF KAZAKHSTAN

GENERAL NUMBERS
ANNUAL VOLUME (AVERAGE): 2.5-3.5 TRILLION TENGE
NUMBER OF CLIENTS: OVER 20 THOUSAND.
NUMBER OF POTENTIAL SUPPLIERS: ABOUT 100 THOUSAND

HISTORY:
1. PUBLIC PROCUREMENT LAW OF 1997
2. PUBLIC PROCUREMENT LAW OF 2002
3. PUBLIC PROCUREMENT LAW OF 2007
4. PUBLIC PROCUREMENT LAW OF 2015
1. PRELIMINARY ANNUAL PLAN
THIS CONCEPT ALLOWS THE CLIENTS, BASED ON THE POSITIVE CONCLUSION AND WITHOUT WAITING FOR BUDGET APPROVAL, TO START PROCUREMENT PROCESS.

2. PRELIMINARY DISCUSSION OF THE TECHNICAL SPECIFICATIONS
PRELIMINARY DISCUSSION OF THE TECHNICAL SPECIFICATIONS IS A PREREQUISITE FOR ITS APPROVAL. THIS WILL ALLOW THE POTENTIAL SUPPLIERS TO REVIEW THE TECHNICAL SPECIFICATIONS IN ADVANCE AND COMPLAIN, IF THERE ARE ANY CONCERNS.

3. PRELIMINARY PROTOCOL OF ADMISSION
THIS CONCEPT ALLOWS POTENTIAL SUPPLIERS, WITHIN THREE DAYS, TO FINALIZE THEIR BIDS.

4. MUTUAL REVIEW OF BIDS
MUTUAL REVIEW OF BIDS ENSURES TRANSPARENCY AND ALLOWS TO ASSESS VALIDITY OF THE CLIENT’S DECISIONS.

5. STANDSTILL PERIOD (5 BUSINESS DAYS)
IF A COMPLAINT ON THE TENDER RESULTS IS RECEIVED DURING THIS PERIOD THE CONTRACT SIGNING WILL BE POSTPONED UNTIL THE COMPLAINT REVIEW IS OVER (10 BUSINESS DAYS)

6. EXCLUSIVELY ELECTRONIC PROCUREMENT
ALL PUBLIC PROCUREMENT PROCESSES, FROM PLANNING THROUGH PAYMENTS, ARE HANDLED ENTIRELY IN ELECTRONIC FORMAT.
STAGES OF DEVELOPMENT OF THE PUBLIC PROCUREMENT WEB-PORTAL IN RK

2009
Publishing of plans, registers, procurement notices
Price Quotations

2011
Open Tender (Oracle e-Business Suite is purchased)

2012
Auctions, Price Monitoring Module

2013
From Single Source

2014
Electronic Contracts (on a voluntary basis)

2016
NEW WEB-PORTAL (STOPPED USING OEBS)
ELECTRONIC CONTRACTS
ELECTRONIC ACTS
ELECTRONIC BANK GUARANTEES
PURCHASE OF HOUSING (STATE SOCIAL ORDER)
ADVANTAGES OF THE NEW PLATFORM

- **High Tolerance to Loads**
- **Low Requirements to Computing Capacities (No need to procure big servers)**
- **Ease of Integration with the Systems of Other Data Recipients**
- **Use of Technologies with Open Source Codes**
- **Simplified Electronic Digital Signatures + Encrypting Suppliers’ Prices**
- **Flexibility in Rearranging Business Processes Despite Any Legislative Changes in Public Procurement**
- **Risk Managements System + In-House Reviews**
- **Import Substitution. Annual Savings Just on Technical Maintenance of Licensed Software Over $1 MLN.**
- **Availability of Local Labor for Further System Support and Development**
**Automation of Public Procurement**

**Before 2016**
- E-Planning (partially)
- Price Lists
- E-Procurement (partially, 70%)
- Bank Guarantee
- Contracts (partially)
- Registration of Contracts in Treasury
- Implementation
- Invoices, Acts
- Payments

**Present Days**
- E-Planning (partially)
- E-Price Module
- E-Procurement
- E-Bank Guarantee
- E-Contract
- E-Registration of Contracts in Treasury
- E-Implementation
- E-Invoices, Acts
- E-Payment

**In-House Reviews**
(distance controlling of procurement)

**In-House Reviews are carried out daily on every stage of public procurement.**
INTEGRATION OF THE WEB-PORTAL WITH EXTERNAL IS

- NATIONAL CERTIFICATION CENTER
- COMMITTEE FOR STATE REVENUES
- REGISTER OF DEBTORS
- TREASURY COMMITTEE
- IS «AUTHORIZED THIRD PARTY»
- IS «E-MINFIN»
- STATE DATA BASE «E-LICENSING»
- NATIONAL BANK
- PORTAL OF LOCAL CONTENT
- IS «SINGLE STOCK ITEM CATALOGUE OF GOODS, WORKS AND SERVICES»

EPP PORTAL
DISTANCE FORM OF CONTROL (IN-HOUSE REVIEWS)!

Advantages of the In-House Reviews:
1. Absence of personal contacts between the controlling and controlled entities;
2. Possibility for timely remediation of defaults with no interruption to procurement procedures;
3. Discharge from liabilities those who corrected the deficiencies.
PREVENTIVE ROLE IN-HOUSE REVIEWS

IN-HOUSE REVIEWS CAPTURE 100% OF TENDERS

To carry out **quality** In-House Reviews, from **July 2016**, all tenders with est. value over **5 mln. Tenge**, are subject to such reviews, which equals to about **90%** of the total volume of all selections through TENDERS.

**CONTROL IN THE ONLINE MODE!!!**

**NUMBER OF PEOPLE BROUGHT TO ACCOUNTABILITY**

<table>
<thead>
<tr>
<th>Year</th>
<th>Violations Detected POST-FACTUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>9200</td>
</tr>
<tr>
<td>2016</td>
<td>986</td>
</tr>
</tbody>
</table>

**- VIOLATIONS DETECTED AT EARLY STAGES**

**TOTAL AMOUNT OF VIOLATIONS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>232 BLN. Tenge</td>
</tr>
<tr>
<td>2016</td>
<td>370 BLN. Tenge</td>
</tr>
</tbody>
</table>

Number of those released from responsibility:

- Over **10 thous.**

Number of individuals, who **rectified violations** as per the recommendations of the In-House Reviewers.
PRELIMINARY RESULTS

AVERAGE NUMBER OF BIDDERS PER TENDER

3-TIMES MORE

12 months 2015: 0.77
9 months 2016: 2.2

NOTE: Maximum number of Bidders per Lot may reach 51

NOTIONAL SAVINGS

5-TIMES MORE

12 months 2015: 26.7 bln. KZT
9 months 2016: 119.8 bln. KZT
FUNCTIONALITY:
- Professionalization of public procurement through certification and further centralization
- Implementation of electronic communication by users
- Simplification of procurement procedures (automation of the activities of single organizers)
- Forecasting price changes for commodity groups

INTEGRATION:
- StateDatabase «Physical Entities»;
- SDB «Real Estate Register» (MJ RK);
- IS «Torelik» (Supreme Court);
- IS «Centralized Data Base of Individuals with Disabilities»
- SDB «Individuals, held by Courts to be Disabled or Partially Incapacitated»
- IS «Service Center»
MINISTRY OF FINANCE OF THE REPUBLIC OF KAZAKHSTAN

THANK YOU FOR YOUR ATTENTION!