

The Impact of Corruption on The Public Procurement System: The Experience of Uzbekistan And Estonia

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Received: 12 February 2025; **Accepted:** 13 March 2025; **Published:** 10 April 2025

Abstract: This article provides a comparative analysis of the impact of corruption on the public procurement system based on the experiences of Uzbekistan and Estonia. The study examines the anti-corruption mechanisms of both countries, transparency and control mechanisms in public procurement, as well as the effects of e-government and digital transformation on corruption. The article analyzes effective anti-corruption mechanisms through the examples of Uzbekistan and Estonia and develops recommendations for improving the fight against corruption in Uzbekistan. The results indicate that reducing corruption in public procurement requires the use of digital technologies, automation of processes, the creation of centralized and open databases, and the strengthening of civil society oversight. The findings of this study can be used in the development of programs to improve anti-corruption measures in Uzbekistan's public procurement system.

Keywords: Public procurement, corruption, e-government, digital transformation, Uzbekistan, Estonia, transparency, control mechanisms.

Introduction: Corruption is one of the most significant issues in the modern world. It reduces the efficiency of government systems, hinders economic development, and erodes public trust in state institutions. The public procurement system is considered one of the areas most vulnerable to corruption, as large amounts of funds are spent in this sector, making it crucial to ensure the targeted and effective use of these resources.

Uzbekistan has been implementing large-scale reforms to prevent and combat corruption in the public procurement system. The "Public Procurement Law" adopted in 2018 established a new legal framework for this sector. The 2021 revision of the "Anti-Corruption Law" and the updated version of the "Public Procurement Law" have further strengthened transparency and anti-corruption efforts in public procurement.

Estonia, on the other hand, is one of the world's most successful countries in combating corruption. According to Transparency International's 2023 Corruption Perceptions Index, Estonia ranked 14th out of 180 countries, while Uzbekistan ranked 126th.

Estonia has developed and implemented effective mechanisms for combating corruption in public procurement.

This article explores effective anti-corruption mechanisms in the public procurement systems of Uzbekistan and Estonia. The primary goal of this study is to identify effective methods for combating corruption in public procurement based on the experiences of Uzbekistan and Estonia and to develop recommendations for improving the effectiveness of Uzbekistan's reforms in this area. The scientific significance of the article lies in identifying successful anti-corruption mechanisms and providing recommendations to enhance the efficiency of Uzbekistan's reforms. This research can serve as a valuable source for developing programs aimed at combating and preventing corruption in the public procurement system.

METHODOLOGY

This study employs a comparative analysis method, examining the legal foundations of public procurement systems in Uzbekistan and Estonia, anti-corruption mechanisms, transparency and control mechanisms in

public procurement, as well as the impact of e-government and digital transformation on corruption. The following sources have been utilized in the research:

1. The legislative framework of Uzbekistan and Estonia regarding public procurement and anti-corruption measures;
2. Reports and assessments of international organizations (Transparency International, World Bank, OECD);
3. Statistical data on the practical functioning of the public procurement systems in Uzbekistan and Estonia;
4. Reports from regulatory bodies overseeing public procurement in Uzbekistan and Estonia;
5. Academic research on anti-corruption mechanisms in public procurement systems of Uzbekistan and Estonia.

A comparative analysis of the effective anti-corruption mechanisms in the public procurement systems of Uzbekistan and Estonia has been conducted within the scope of the study. The comparative analysis has been carried out in the following areas:

1. Legal foundations of the public procurement system;
2. Transparency and control mechanisms in the public procurement system;
3. The impact of e-government and digital transformation processes on corruption in the public procurement system;
4. The effectiveness of anti-corruption measures in the public procurement system.

To analyze the research findings, the following indicators have been used:

1. The rankings of Uzbekistan and Estonia according to Transparency International's Corruption Perceptions Index;
2. The number of corruption cases in the public procurement system and the effectiveness of measures taken against them;
3. The presence and effectiveness of transparency and control mechanisms in the public procurement system;
4. The impact of e-government and digital transformation processes on corruption in the public procurement system;
5. International organizations' assessments of the effectiveness of anti-corruption measures in the public procurement system.

RESULTS

Legal Foundations and Anti-Corruption Mechanisms in Uzbekistan's Public Procurement System. The legal foundations of Uzbekistan's public procurement system are regulated by the Law "On Public Procurement," adopted in 2018. This law aims to regulate public procurement relations, ensure transparency and competition in procurement processes, and establish effective mechanisms to combat corruption. The law defines the following key principles in the field of public procurement:

1. Openness and transparency;
2. Competitiveness and impartiality;
3. Proportionality;
4. Equality of participants in public procurement processes;
5. Prevention of corruption.

In 2021, a new edition of the Law "On Public Procurement" was adopted. The revised version created broader opportunities to enhance transparency and strengthen anti-corruption measures in the public procurement system. In particular, Article 5 of the law outlines the main directions of anti-corruption measures in public procurement:

1. Ensuring transparency and openness in public procurement processes;
2. Strengthening competition in public procurement;
3. Ensuring equality and impartiality of participants in public procurement;
4. Preventing conflicts of interest in public procurement processes;
5. Establishing effective anti-corruption mechanisms in public procurement.

The 2021 revised edition of the Law "On Combating Corruption" also plays an important role in strengthening anti-corruption measures in the public procurement system. Article 27 of the law outlines the key anti-corruption measures in public procurement, including ensuring transparency, strengthening competition, preventing conflicts of interest, and implementing effective anti-corruption mechanisms. To establish effective anti-corruption mechanisms in Uzbekistan's public procurement system, the following steps have been taken:

- In 2018, Presidential Decree PQ-3953 "On Measures to Further Improve the Public Procurement System" was adopted. This decree is of great importance in ensuring transparency and enhancing anti-corruption efforts in public procurement.
- In 2018, Presidential Decree PF-5484 "On

Measures to Further Improve the Public Procurement System in Uzbekistan" was adopted, reinforcing the transparency and anti-corruption framework in public procurement.

- In 2023, a new edition of the Law "On Public Procurement" was adopted, further enhancing transparency and strengthening anti-corruption efforts.
- In 2023, Presidential Decree PQ-467 "On Measures to Further Improve the Public Procurement System and Prevent Corruption" was issued to ensure transparency and strengthen anti-corruption mechanisms in the public procurement system.
- Institutional Structures for Anti-Corruption in Public Procurement in Uzbekistan:
 1. Anti-Corruption Agency of Uzbekistan;
 2. Public Procurement Agency under the Ministry of Finance of Uzbekistan;
 3. Accounts Chamber of Uzbekistan;
 4. General Prosecutor's Office of Uzbekistan;
 5. State Security Service of Uzbekistan.

According to statistical data, the effectiveness of anti-corruption mechanisms in Uzbekistan's public procurement system has been increasing. For example, in 2023, corruption cases in public procurement decreased by 25% compared to 2022. Additionally, transparency levels in public procurement increased by 30% compared to 2022.

Legal Foundations and Anti-Corruption Mechanisms in Estonia's Public Procurement System Estonia's public procurement system is regulated by the Law "On Public Procurement," adopted in 2017. This law was developed in accordance with the European Union's public procurement directives and aims to regulate public procurement relations, ensure transparency and competition in procurement processes, and establish effective anti-corruption mechanisms. The law defines the following key principles in the field of public procurement: Openness and transparency; Competitiveness and impartiality; Proportionality; Equality of participants in public procurement processes; Prevention of corruption. To strengthen anti-corruption measures in Estonia's public procurement system, the following steps have been taken:

1. In 2012, the Law "On Combating Corruption" was adopted, outlining the main directions of anti-corruption measures in public procurement.
2. In 2015, a new edition of the Law "On Public Procurement" was adopted, enhancing transparency and strengthening anti-corruption efforts.

3. In 2017, a revised edition of the Law "On Public Procurement" was adopted, further expanding transparency and anti-corruption measures.

4. In 2023, another revision of the Law "On Public Procurement" was adopted to enhance transparency and anti-corruption mechanisms. Institutional Structures for Anti-Corruption in Public Procurement in Estonia: Ministry of Justice of Estonia; Ministry of Finance of Estonia; Accounts Chamber of Estonia; Anti-Corruption Commission of Estonia; Prosecutor's Office of Estonia.

Improving Transparency and Control Mechanisms in Public Procurement: The Experience of Uzbekistan and Estonia, The experience of Uzbekistan and Estonia demonstrates that strengthening transparency and control mechanisms in public procurement is an effective anti-corruption strategy. In both countries, transparency and control mechanisms in public procurement are continuously being improved. For example:

- In Uzbekistan, Presidential Decree PQ-3953 (2018) and Presidential Decree PQ-467 (2023) have played a key role in strengthening transparency and control mechanisms in public procurement.
- In Estonia, in 2018, the Ministry of Finance adopted the "Action Plan for Improving the Electronic Public Procurement System and Strengthening Anti-Corruption Measures," which has been instrumental in increasing transparency and control mechanisms in public procurement. Development of E-Government and Digital Transformation Processes

The experience of Uzbekistan and Estonia demonstrates that developing e-government and digital transformation processes is an effective mechanism for combating corruption. In both countries, e-government and digital transformation processes are being continuously developed. For example: In Uzbekistan, Presidential Decree PQ-3978 (2018) "On the Development of E-Government and the Automation of Public Procurement Systems" and the "Digital Uzbekistan 2030" program (2022) have been significant steps toward digitizing public services and combating corruption. In Estonia, the "e-Estonia" project has led to the full digitalization of public services, playing a crucial role in preventing corruption.

CONCLUSION

Based on the above analysis, the following conclusions can be drawn: The experience of Uzbekistan and Estonia demonstrates that enhancing transparency and strengthening control mechanisms in public procurement are crucial factors in combating corruption.

Expanding the use of electronic systems to further increase transparency in public procurement processes is necessary. In particular, Uzbekistan should adopt international best practices to enhance public oversight and monitoring of public procurement processes. Developing e-government systems to automate public services and reduce human involvement can significantly mitigate corruption risks. Therefore, Uzbekistan can effectively utilize Estonia's experience as part of the "Digital Uzbekistan 2030" program.

To ensure transparency in Uzbekistan's public procurement system, it is essential to establish independent oversight mechanisms and implement audit procedures based on international standards. In conclusion, ensuring transparency in public procurement, strengthening control mechanisms, and adopting digital technologies are effective tools in the fight against corruption. The experiences of Uzbekistan and Estonia highlight the necessity of leveraging modern technologies to reduce corruption and enhance government efficiency.

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