**DECREE**
OF THE GOVERNMENT OF THE RK
as of May 13, 1996, #586

**On state procurement of goods (works, services) in the RK**

Within the purpose of perfecting organization of the state procurement of goods, (works, services) at the expenses of the Republican budget of the Government of the RK DECREES:

1. Approve the attached Provision on the system of state procurement of goods (works, services) in the RK at the expenses of the Republican budget.

To put the present Provisions into force since May 15, 1996.

2. Within one month period the Ministry of Economy has to work out the standard provisions on the procedure of organizing the state procurement of the goods (works, services) in order to meet the needs of the regions and submit it for the approval of the Government of the RK.

3. The Ministry of Economy of the RK has to approve the Regulations on the competition commission on the state procurement of the goods (works, services) with giving it the right to involve experts in the established order.

The prime-Minister of the RK A.Kazhegeldin

Approved
by the Decree of the Government
of the RK as of May 13, 1996,#586

# P R O V I S I O N S

## On the system of the state procurement of goods (works, services) in the RK at the expense of the Republican budget

The present Provisions define the procedure and terms of conducting the state procurement of goods (works, services) carrying out at the expenses of the Republican budget.

### 1. General provisions

1. State procurement is the form of purchasing by the state through the state customers (buyers) of the necessary goods (works, services) from the suppliers on the basis of the contracts.

2. State procurement is carried out on the competitive basis which allows to purchase goods (works, services) of the required quality within established periods of time on minimum prices and serve for:

-implementation of the state and Republican purpose-aimed scientific-technical programs;
-implementation of interstate purpose-aimed programs with the participation of the RK;
-maintaining the necessary level of defense capacity and security of the Republic, providing law and order;
-insuring the activity of the state power bodies, court and office of public prosecutor, education, health, social provision, culture, sport, science, geology, geodesy and cartography, hydro-metheorology, land-tenure regulations and other spheres of activity of the Republican importance;
-maintaining communications and system of connection of the Republican importance;
-creation and maintaining of the state and mobilized reserves and reserves of liquidation of the consequences of natural disasters and force-major situations.

3. Ministries, state committees and organizations financed at the expenses of the republican budget are regarded to be the state customers.

4. The state customers have the right to delegate their authorities on purchasing the production to the sub-customers which can be their functional and structural sub-divisions and also independent legal entities of the RK.

5. Production supplied on the state procurement has to correspond to the state standards, technical terms, other requirements and special terms set up by the state customers.

6. Suppliers purchase themselves the material-technical resources necessary for them to implement the contracts on the state procurement.

## 2. Formation of state procurements

7. State customers preliminary form the structure and volumes of the state procurement of goods (works, services) and submit the drafts of budget applications for these purposes in accordance with the form established by the Ministry of Finance of the RK within stipulated periods to the Ministry of Finance and the Ministry of Economy.

8. Ministry of Economy and Ministry of Finance of the RK on the basis of submitted by state customers the budget applications and following the forecasts of social-economic development and Republican budget carry out the coordination of that applications with the drafts of budget assignations on the corresponding directions.

9. After the approval of the Republican budget the state customers carry out the final formation of the structure and volumes of state procurements in accordance with the volumes of allocated finance.

## 3. Procedure of Placement of State Procurements

10. State procurements of goods (works, services) included in the List of General-Purpose Goods approved by the Ministry of Finance (MOF) and the Ministry of Economy (MOE) of the Republic of Kazakstan will be conducted with the use of competitive procedures organized by the Bidding Commission of the MOE of the RK.

The List of General Purpose Goods shall include the goods (works, services) procured by a great number of state customers with a view to undertake wholesale procurements and ensure the uniformity and compatibility of purchased technical facilities.

The Bidding Commission of the MOE of the RK will announce the intention to undertake state procurements, prepare the requirements and conditions of the order which will be communicated to the vendors through publishing in mass media and circulation of the Invitation to Bids to potential bidding participants.

11. The bidding should be open and will be deemed valid if at least three participants take part in them.

12. To participate in the bidding the suppliers will furnish to the Bidding Commission of the MOE of the RK offers with the information required under the bidding conditions.

13. The principal tool for formation of the open and sound competition in the state procurements market shall be the regular publishing of the progress of bidding and announcement of procurements.

14. The Bidding Commission of the MOE of the RK will identify the final list of participants after the offers submission deadline and will consider them with involvement of the bid participants.

The republican suppliers, with other conditions for delivery of goods (works, services) being equal, will be given the priorities over foreign bidders provided the prices of their goods do not exceed the prices quoted by the latter by more than 20%.

15. Following the bidding criteria the Bidding Commission of the MOE of the RK will award the winner and the state customer will make a contract therewith.

16. The state procurement of goods (works, services) not included in the List of General Purpose Goods will be undertaken by state customers independently.

To organize these procurements the state customers will undertake competitive procedures as prescribed by items 10-11 of these Regulations, consider the suppliers' offers, identify the bid winners and make contracts therewith for delivery of goods (works, services). The aforesaid procedures shall apply if the procurement volumes are over 1 000 times the evaluation index established by the law of the Republic of Kazakstan on the Republican Budget for the corresponding period.

17. The control over the execution of the contract will be exercised by the state customer through collecting the required information, checking of the goods quality and delivery schedules, and for monopolist suppliers - the statement of production costs related to the state procurements.

18. The Contract can be terminated by the initiative of the state customer or supplier under the contract terms and conditions.

19. The settlement of disputes arising between the state customer and supplier will be regulated by the legislation in force.

20. In placement of procurements for purposes of defense, security and legal order, actions in the emergency conditions and for creation of the government and mobilization reserves by state customers upon agreement with the MOE of the RK special procedures will be applied including competitive ones.

## 4. Financing of State Procurements

21. The state procurements will be financed by the state customer following the financial plan for targeted use of budgetary resources.

22. The sources of financing of state procurements can be also the resources of the extrabudgetary funds and also of the purpose-oriented government loans and credits including foreign ones.

23. The financing and payment of the orders by the state will contemplate the allocation by the MOF of the RK of financial resources to state customers on the basis of applications within the periods specified by state procurements contracts. The financing can be effected in the form of T-bills.

24. Depending on the contract conditions the payment for goods, in particular agricultural goods, can be effected stepwise or by advance payments.

25. State procurements will be undertaken at contract prices not exceeding minimal bidding prices. The principle of minimal bidding prices will be applied for placement of the order for any types of goods (works, services).

26. In entering into contracts with the monopolist suppliers, the contract prices will be determined taking into consideration the rate of return agreed upon with the suppliers in accordance with the Antimonopoly legislation currently in force.

27. The financial resources provided for in the Republican Budget for state procurements will be allocated by the MOF of the RK in full volume as specified by the contracts concluded.

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