

Cabinet of Ministers of Ukraine.  
Resolution No. 266 of February 26, 1996, Kyiv

**On Procedures for the Formulation and Placing  
of State Orders for the Supply of Production for State Purposes  
and Review of their Implementation**

In accordance with the Law of Ukraine "On the Supply of Production for State Needs," the Cabinet of Ministers of Ukraine resolves:

1. Approve the Procedures for the Formulation and Placing of State Orders for the Supply of Production for State Purposes and Review of their Implementation" (in addendum).
2. Assign the functions of formulating government orders and coordinating the activities of state customers of placing state orders to the Ministry of the Economy.
3. Establish that the suppliers for state orders which are of strategic importance, connected with supporting national defense and security, if necessary, may receive the right to realize quotas, which are obligatory, in order for the enterprises and organizations, who are Ukrainian suppliers of certain types of materials and sub-products, to sell to them in the volumes and according to the list approved by the Cabinet of Ministers of Ukraine.
4. The Ministry of Statistics together with Ministry of the Economy, by April 1, 1996, according to the established procedure, shall develop and implement a system of statistical reporting on the fulfillment of state contracts.
5. From 1997, the Ministry of Finance shall put the financing of state procurement in a separate category of the State Budget of Ukraine.
6. The Government of the Autonomous Republic of Crimea, the oblast authorities, and Kyiv and Sevastopol city administrations shall approve the Procedures for the Formulation and Placing of State Orders for the Supply of Production for State Purposes and Review of their Implementation.
7. Assign the task of implementing this Resolution to the Ministry of the Economy and the Ministry of Finance.

Prime-Minister of Ukraine E. Marchuk  
Minister of the Cabinet of Ministers of Ukraine  
V. Pustovoitenko

**Appendix**  
**to the Resolution of the Cabinet of Ministers of Ukraine**  
**No. 266 of February 29, 1996**

**Procedures for the Formulation and Placing**  
**of State Orders for the Supply of Production for State Purposes**  
**and Review of their Implementation**

This Procedures establishes the mechanism for the cooperation of state customers, the Ministry of the Economy, the Ministry of Finance, the Ministry of Statistics and executors of state procurement during formulation, placing and implementing of state orders for goods, works and services (hereinafter production) for state purposes.

**I. Formulation of state orders**

1. State orders are formulated on the basis of state needs for production, determined by the Programmes of economic and social development for Ukraine.
2. Ministries, other national executive authorities, the Government of the Autonomous Republic of Crimea, Kyiv and Sevastopol city administrations, state organizations and agencies responsible for the implementation of national and international specialized programmes are potential state consumers, and may submit their applications to be included in state procurement projects to the Ministry of the Economy by July 15 of the given year. The applications shall be submitted with proposals for projects to the Programme for the economic and social development of Ukraine and the State budget of Ukraine.
3. The Ministry of the Economy of Ukraine:
  - shall analyze and generalize the applications submitted by potential state customers and shall determine the amount of production required for state purposes in the following year and the general amount of financing, necessary for its purchase, and by August 15 of the given year shall submit this information to the Ministry of Finance for a preliminary estimate and to determine the amounts of possible financing from the State budget of Ukraine;
  - shall analyze proposals to attract non-budgetary sources of financing of state procurement and shall submit its proposals, if necessary, to the Cabinet of Ministers of Ukraine in accordance with the existing procedures.
4. By September 15 of the given year, the Ministry of Finance of Ukraine shall inform the Ministry of the Economy of the draft State budget of Ukraine for the next fiscal year in order to balance the amounts of state procurement with the financing necessary for their purchase. The financing of state procurement shall appear in the State budget as a separate category.
5. The Ministry of the Economy:
  - in cooperation with potential state consumers, shall balance the amounts of state procurement in their applications with projected amounts of budget financing and non-budgetary sources of financing determined by the Cabinet of Ministers;
  - shall develop a draft for state procurement and shall submit it for approval according to the established

procedures to the Cabinet of Ministers of Ukraine together with the draft Programme for the economic and social development of Ukraine;

- after the Cabinet of Ministers of Ukraine has considered and approved the draft of state procurement, it shall inform potential state consumers in order to begin preliminary work on the placing of state orders;
- after the Supreme Rada of Ukraine has approved the State Budget of Ukraine, according to the figures provided in the State Budget, it may make the necessary changes and modifications to the project of state procurement in order to finally balance the amounts of procurement with the financing provided to each particular state customer, and shall submit it for approval according to the established procedure to the Cabinet of Ministers of Ukraine together with the list of proposed state customers;
- after the Cabinet of Ministers of Ukraine has approved the volumes of state procurement and the list of state customers, it shall inform state customers about them within a week and shall coordinate activities to place of state orders and negotiate of state contracts.

## **II. Placing of State Orders and Negotiating of State Contracts.**

6. State customers, depending on the approved volumes of state orders and financing allocated to them, shall independently place orders for supplies of goods for state purposes amongst potential suppliers on a competitive basis in accordance with the procedures developed by the Ministry of the Economy, excluding cases provided for in Item 8 Article 2 of the Law of Ukraine "On State Procurement".

7. The placing of state orders for the supply of production shall be registered as a state contract between the state customer and the agent fulfilling the order.

8. In cases where state customers partially delegate their authorisation to place state orders and to negotiate state contracts, they:

- shall specify the enterprises, the institutions, or the organizations to which this authority are delegated;
- shall make contracts with certain enterprises, institutions, or organizations where the authorisation, commitments and responsibilities of the parties are clearly determined;
- shall review the implementation of these contracts by enterprises, institutions, organizations and take responsibility before the state for the fulfillment of state orders.

9. After negotiating the contract for the supply of production for state needs, state customers shall inform the Ministry of the Economy and the Ministry of Statistics about it within a ten day period according to the established procedure.

10. In cases where it is necessary to change or modify state orders for the supply of production during the process of their placing, the negotiation of contracts or the fulfillment of state orders:

- state customers shall file an application and provide reasons for the necessity of making changes and modifications;
- the Ministry of the Economy shall process the documents filed by state consumers, develop a draft

Government resolution, shall coordinate it with the Ministry of Finance if necessary, to change budgetary financing, and according to the established procedure, shall submit it to the Cabinet of Ministers of Ukraine within a period of two weeks;

- after the Cabinet of Ministers has approved the resolution to make changes and modifications for the supply for production for state needs, the state customers shall make the appropriate changes in state contracts according to the legislation of Ukraine.

11. The state may reserve material resources if necessary through providing the state suppliers the right to realize quotas for the obligatory sale to them, by the enterprises and organizations, who are Ukrainian suppliers, of certain types of materials and sub-products in volumes and according to the list approved by the Cabinet of Ministers of Ukraine after it has been submitted to the Ministry of the Economy.

### **III. Control of Implementation of State Procurement**

12. The authorisation to review state procurement shall be provided to state customers and the Ministry of Economy of Ukraine. The Ministry of Finance shall review the utilization of financing allocated for state procurement.

13. State customers shall supply the Ministry of Statistics a monthly report, to be submitted by the 10th of the following month, on the performance of state procurement in terms of financing and on the financing of state contractors, and shall submit a report quarterly on the implementation of state procurement in terms of production to the Ministry of the Economy.

14. The Ministry of Statistics shall generalize the reports of state customers and shall submit the total information to Ministry of the Economy and the Ministry of Finance by the 20th of the month following the reported month.

15. The Ministry of the Economy quarterly shall inform the Cabinet of Ministers of Ukraine on the implementation of state orders by the thirtieth of the month following the reported month, and if necessary, shall develop a proposal for additional measures in order to ensure implementation.

Minister of the Cabinet of Ministers of Ukraine  
V.Pustovoitenko