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## **WAYS, CRITERIA AND METHODS FOR DETERMINING RELIABLE SUPPLIERS FOR STATE NEEDS**

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### **Abstract:**

In modern conditions, the identification of reliable suppliers for state needs plays a key role in ensuring the effective functioning of state bodies and the implementation of state programs. For this purpose, various ways and methods of assessing potential suppliers are used, including the analysis of their financial stability, experience and reputation in the market, the quality of the goods or services offered, as well as compliance with legislative requirements and standards. Criteria include factors such as financial stability, work experience, product quality, and competitive delivery terms. Evaluation methods include competitive procedures, the use of qualification criteria and preliminary screening of potential suppliers. Effective identification of reliable suppliers helps to increase transparency, reduce risks and ensure the successful implementation of public procurement and programs.

**Keywords:** Public procurement, corporate procurement, open tender, closed tender, request for quotations, commercial proposal, Arithmetic average price, tariff method.

### **INTRODUCTION**

The procurement system for state and corporate needs of the Republic of Uzbekistan as a complex management activity is characterized by consistency, complexity and functionality.

Firstly, the procurement system is a complex system, at least it consists of three systems of subsystems: social development, economic development, budgeting. Secondly, the sector that affects the socio-economic development of the procurement system. It also has an indirect impact on the lifestyle of the population, opening the way to the rational use of budget expenditures. Thirdly, from the point of view of the hierarchy of territorial management and delegation of powers, a particular entity creates its own regulatory framework, in which it prescribes goals, objectives, functions and activities in general regarding socio-economic development, modern and constant changes in the organization of management allow us to use experience. The formation of a new direction is directly influenced not only by the management system, but also by the personnel issue.

### **Research Methodology**

Identifying reliable suppliers for public procurement requires a systematic approach and the use of different evaluation methods. One of the most ways to select suppliers in public procurement is through competitive procedures. This can be an open tender, auction or request for proposals, as a result of which the most suitable supplier is

selected. An open tender is held mainly on the basis of a free tender, all purchase applications and tender documentation are collected in a single database, on the basis of which the customer informs suppliers about the purchase and enters its requirements. Closed tenders, closed auctions or closed two-stage tenders are mainly procurement processes consisting of a limited number of participants who can fully satisfy the requirements of the customer in accordance with the requirements of the Law of the Republic of Uzbekistan. Basically, these are cases when purchases are carried out for state secrets or when goods, works, services are classified as state secrets. In addition, in the presence of state-owned precious metals or stones, the deposit of valuable manuscripts, museum collections, sources, special documents relating to archives, works of art, cultural sources, as well as the cleaning or transportation of documents in courthouses Demonstration and driving, in such cases, purchases are made indoors.

When determining a supplier by requesting quotations, notifications are sent to an unlimited number of participants, and the winner is the supplier who fulfills the requirements and offers the lowest price. Non-competitive procurement means melting down orders for a predetermined supplier. This is called direct procurement, and the supplier is selected without selection and a direct contract is concluded. In this case, the organization has the right to independently choose which supplier to choose, but even in the case the organization has the right to independently choose which supplier to choose, but even in the case of choosing the form of competitive procurement, the customer is legally obliged to conclude a contract with a single supplier [2], (Figure 1).

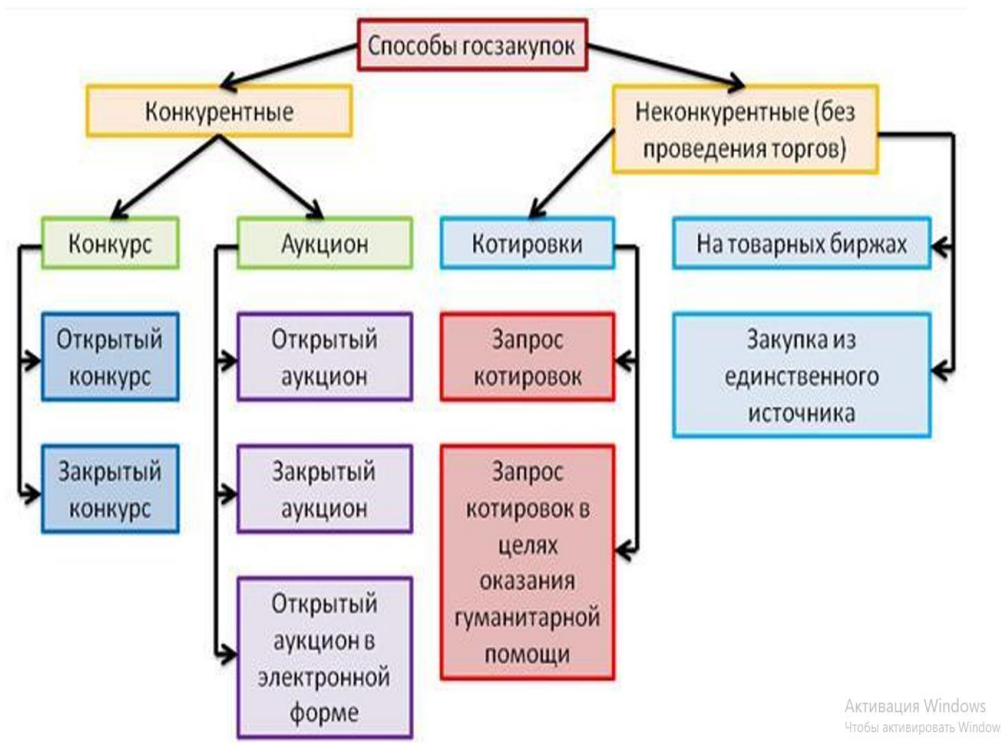


Figure 1 – Ways to identify a public procurement supplier

For example, in public procurement by means of an auction to reduce the starting price (hereinafter referred to as the auction) is carried out if the following conditions are met simultaneously:

- the product has standard properties;
- there is no need to evaluate and compare the technical, operational and other characteristics of the product;
- The cost of goods under one contract should be up to twenty-five thousand (for budget customers - up to six thousand) of the basic calculated value (Figure 2).

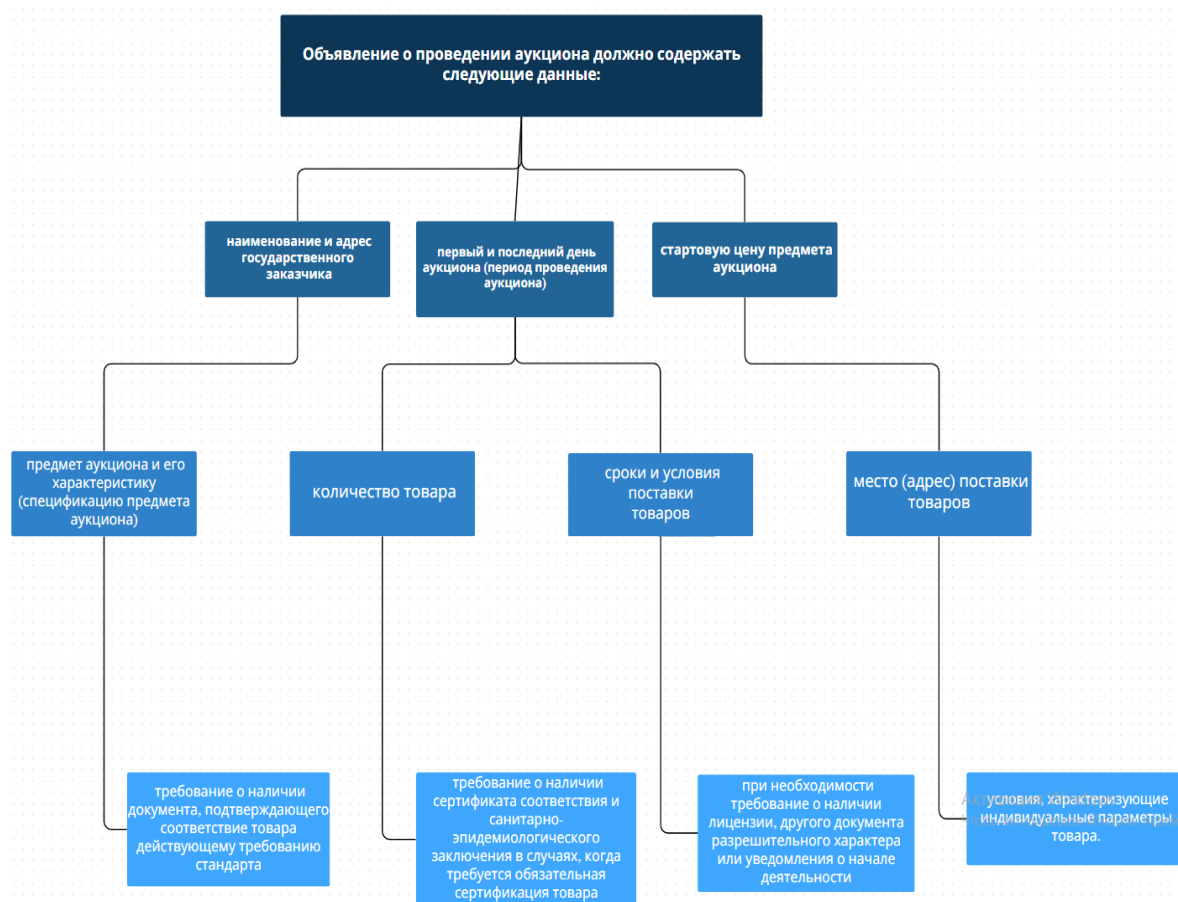


Figure 2 – the procedure for holding an electronic auction in the Republic of Uzbekistan

In Uzbekistan, on the basis of the Law "On Public Procurement" Law of the Republic of Uzbekistan, dated 22.04.2021 No ZRU-684, the auction is held only in electronic form. To participate in the auction, the State Customer shall place an announcement in the electronic public procurement system through a special information portal. The announcement of the auction must be posted at least five working days before its implementation [1].

It shall be prohibited to introduce into the text of the announcement of the auction and the application of the State Customer requirements that are not related to the subject of the auction and restrict competition among the participants. An announcement of an

auction posted in the electronic public procurement system through a special information portal shall be automatically converted into an application of the State Customer. In addition, another of the most popular ways to identify public procurement suppliers is a tender. Public procurement through a tender is carried out if the following conditions are met simultaneously:

- The criteria for determining the winner have not only a monetary value, but also a quantitative and qualitative assessment of the product (work, service);
- The cost of goods (works, services) is more than twenty-five thousand basic calculation values (for budget customers - more than six thousand basic calculation values) under one contract [3].

For the implementation of public procurement through a tender, a procurement commission consisting of at least seven members shall be formed. The best conditions for the execution of the contract are determined by the Procurement Commission on the basis of the announced criteria for evaluating the bids of the tender participants. Information on public procurement through a tender shall be communicated by the State Customer to an unlimited number of persons by posting a tender announcement and procurement documentation for the tender in the electronic public procurement system through a special information portal, as well as, at the request of the State Customer, on its official website or on the official website of its superior body, as well as in the media (Figure 3).

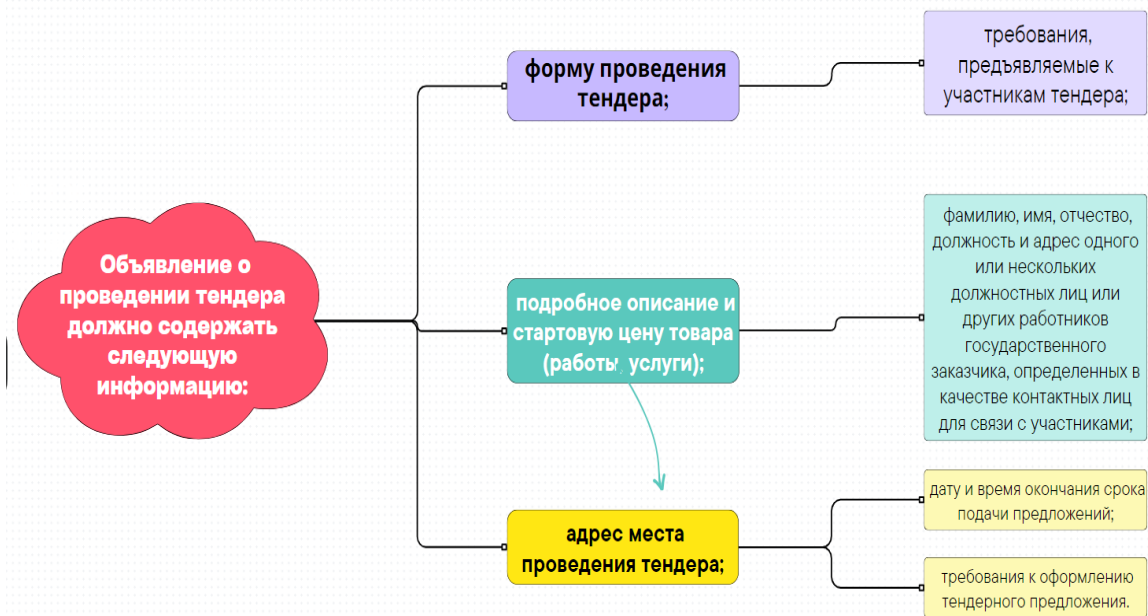


Figure 3 – Tender procedure

In the following places, we will look at the evaluation criteria for determining the supplier in our work. The selection of a reliable supplier for government needs or any other purposes is usually based on several key criteria that help to assess its ability and willingness to fulfill the order with a high level of quality and efficiency (Figure 4).



Figure 4 – Criteria for determining a supplier

The criteria for evaluating suppliers for analysis using the rating method may vary depending on the specific business. Table 1 below lists the other types of criteria used in evaluation.

**Table 1 Criteria for evaluating public procurement**

Name, criteria	Description
<b>Product quality</b>	Percentage of defects in deliveries, availability of certificates and declarations, compliance of products with customer requirements
<b>Cost</b>	Evaluated in comparison with offers from other suppliers
<b>Reliability of supply</b>	<b>The supplier's deviations from the delivery schedule, cases of failure to meet deadlines, and the completeness of the delivered batches are taken into account.</b>
<b>Terms of delivery</b>	How the customer will receive the goods: pick it up himself, or the supplier will bring it for free.
<b>Payment terms</b>	How are settlements with the supplier carried out: whether an advance payment is needed and in what amount, whether there is a deferral of payment and for how many days, the possibility of lending or installments.
<b>Supply flexibility</b>	It is evaluated whether the supplier takes into account the wishes of the customer on the terms, the possibility of unscheduled deliveries, withdrawal of the supply request, changes in deadlines.
<b>Satisfaction of claims</b>	The best suppliers will be those who respond quickly to claims, are ready to replace part of the defective goods or reimburse additional costs.





When assessing the effectiveness of procurement, data on planned procurement indicators are compared with the actual characteristics of goods. Within the framework of documentary control, the compliance of the indicators of goods (works, services) with the established requirements, the purpose of the purchase is analyzed. Documents containing the necessary characteristics of goods (works, services), such as procurement plans, procurement schedules, procurement documents, terms of contracts, etc., as well as acts of actual acceptance of goods (works, services) and documents confirming their implementation, such features as primary accounting documents, technical documents, and so on. Within the framework of actual control, the following methods can be used: verification of the results of the goods supplied, services rendered, verification of the work performed, conversation with employees who directly use the result of the purchase, expert assessment of the results. purchase and others. In the latter case, another important issue in the public procurement process is the initial (maximum) price of the contract. The following methods are mainly used to assess and determine this condition:

- the method of comparable market prices;
- normative method;
- tariff method;
- design and estimate method;
- cost method.

Applications for participation in the tender shall be evaluated by the tender commission in order to identify the best terms and conditions for the performance of the contract in accordance with the criteria, their content and significance established by this tender documentation. When evaluating bids, the tender commission may be guided by the opinion of experts whom it has the right to involve in its activities in the manner prescribed by the current legislation of the Russian Federation. Applications are evaluated according to the "contract price" evaluation criterion as follows: The number of points awarded according to the "contract price" evaluation criterion (C<sub>Bi</sub>) is determined by formula 1:

$$C_{Bi} = \frac{U_{\max} U_i}{U_i} \times 100 \quad (1)$$

Where is:

$U_i$  - the proposal of the procurement participant whose application (proposal) is being evaluated;

$U_i$  - the minimum proposal from the proposals for the evaluation criterion made by the procurement participants [5].

To calculate the final rating for the application, the number of points awarded according to the evaluation criterion "contract price" is multiplied by the significance corresponding to the specified criterion.

## Literature Review

The selection of reliable suppliers for public needs is an important aspect of effective public procurement management. In this regard, the relevance of studying the ways and methods of identifying reliable suppliers increases in the context of modern challenges and requirements for public procurement. Below we will look at some literature reviews. Public Procurement: International Cases and Commentary, by Peter Trepte, (2016). This book provides an overview of international cases and commentaries on public procurement legislation. Various aspects of public procurement practices are highlighted, including examples from different countries and regions of the world.

"Public Procurement and the EU Competition Rules: Second Edition" by Albert Sanchez-Graells (2015). This book examines the impact of European Union competition rules on public procurement. The author analyzes how competition rules affect procurement procedures and sourcing criteria in the European Union.

Public Procurement in the EU: A Practitioner's Guide, by Martin Trybus, (2017). This book is a practical guide to public procurement in the European Union. The main aspects of EU legislation related to procurement, as well as practical issues of managing procurement processes in various sectors, are highlighted.

Kryukov, P.S. (2022). "Criteria for Selecting Suppliers Based on Their Experience and Reputation in Public Procurement," Public Procurement Administration, 20(1), 34-47. This book examines the legal regulation of public and municipal procurement. The author examines in detail the legal aspects of procurement processes in areas such as energy, water supply, and other utilities.

"The Law of EU Public Procurement" by Christopher Bovis, (2015). This book analyzes the legal regulation of public procurement within the European Union. The author examines the main aspects of EU legislation regarding procurement procedures, as well as their impact on the economy and consumer rights.

"Public Procurement and Contract Administration: A Brief Introduction" by Alenka Turnšek Hlebec, (2013). This book is a brief introduction to contract administration and public procurement procedures. Key aspects of contract management are covered, including compliance, contract execution and dispute resolution.

## Analysis and Results

Let's look at the status of the purchase valuation using the above formula 1.

Evaluation criterion – contract price

**The best condition is the lowest contract price.**

The maximum number of points is 100.

The value of the significance of the assessment indicator is 70%

The significance coefficient of the assessment indicator is 0.7%

Proposals of procurement participants:

Participant 1 - 1 000 000 UZS

Participant 2 - 900 000 UZS

Participant 3 – 850 000 UZS  $u_{\min}$

$$Ц_{Bi} = \frac{u_{\min}}{u_i} \times 100$$

**Indicator Quantity Rating  
participant of application points**

Participant 1 1,000,000 85 points 59.5 points

Participant 2,900,000 94 points 65.8 points

Participant 3 640 000 100 points 70 points

**The following example**

Sources of information must be credible and supported by appropriate calculations.

Formula used:

$$HMKЦ^{PBH} = \frac{V}{n} * \sum_{i=1}^n u_i \quad (2)$$

Where is:

v – volume of goods;

n is the number of values in the calculation;

$u_i$  – the price of the product with the number i.

Let's consider an example of calculating the IMCC.

**Table 2 Comparable market price method**

Procurement Object	Unit	Quantity	Source of price information			Homogeneity of a set of values			
			Offer No1	Offer No2	Offer No3	Arithmetic Average Price	Standard Deviation	Price Variation Factor V (%) (must not exceed 33%)	Calculation of the NMCC
Product 1	Conventional Units	1	142671,00	163414,00	153874,00	153319,67	10382,60	6,77	153319,67
Product 2	Conventional Units	1	263267,00	272141,00	287374,00	274260,67	12192,48	4,45	274260,67
Product 3	Conventional Units	1	140768,00	156831,00	157837,00	151812,00	9577,60	6,31	151812,00

**Normative method**

Formula:

$$HMKЦ^{HOPM} = v_{Ц_{пред}} \quad (3)$$

Where is:

V – volume of goods;

$Ц_{пред}$  – the marginal price of a unit of goods.



**Table 3 Normative method**

Procurement Object	Unit	Quantity of goods	Maximum price, sum/unit	NMCC
Product 1	Conventional Units	100	810,52	81052,00
Product 2	Conventional Units	5	9678,35	48391,75

### Tariff Method

It is used when the prices of goods are regulated at the state or local level. The source of information is information about tariffs posted on the official websites or in printed publications of state organizations.

Formula:

$$НМКЦ^{\text{тариф}} = VЦ_{\text{тариф}} \quad (4)$$

Where is:

V – volume of goods;

Ц<sub>пред</sub> – price established at the state or corporate level [4].

**Table 4 Tariff method**

Procurement Object	Unit	Quantity of goods	Maximum price, sum/unit	NMCC
Product 1	m3	100	31,02	3102,00

### Conclusions and Proposals

Identifying reliable suppliers for government needs is a key aspect of ensuring the effective functioning of government agencies and the implementation of government programs. For this purpose, various methods and methods are used that evaluate potential suppliers in terms of their reliability, the quality of the goods or services offered, as well as compliance with legal requirements and standards. The criteria for selecting reliable suppliers include the following aspects:

1. Financial stability and reliability is an assessment of the financial condition of the supplier, his ability to fulfill contractual obligations without financial difficulties.
2. Experience and reputation – analysis of the supplier's experience in the market, reviews and recommendations from other customers, the level of professionalism and diligence.
3. Quality of products or services is an assessment of the compliance of the goods or services offered with requirements and standards, the level of certification and compliance with regulatory enactments.
4. Price and terms of delivery – a comparison of the suppliers' prices offered for similar goods or services, as well as the terms of delivery and terms of order fulfillment.

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Methods for evaluating and selecting reliable suppliers may include competitive procedures (tenders or auctions), the use of qualification criteria, as well as conducting preliminary checks and audits of potential suppliers.

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