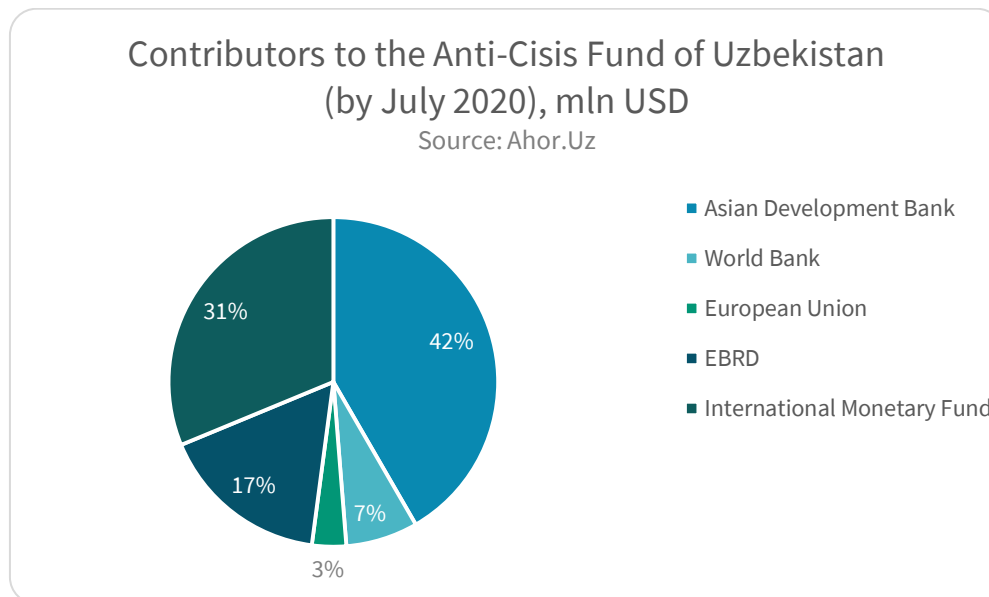


Uzbekistan’s Anti-Crisis Fund: Analysis of state procurement in 2020

Background

On 19 March 2020, the Uzbek Ministry of Finance established the Anti-Crisis Fund in accordance with the presidential decree¹ ‘On priority measures to mitigate the negative impact of the coronavirus pandemic and global crisis on sectors of the economy’. It aimed to ‘finance measures to combat the spread of coronavirus infection, to support entrepreneurship and ensure employment, to extend social assistance and ensure economic operation in the country’. The Fund mainly allocated dedicated loans from the international financial institutions, including the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the World Bank and International Monetary Fund (IMF), and money from the state budget of Uzbekistan.

Graph 1.



¹ УКАЗ № УП-5969 ПРЕЗИДЕНТА РЕСПУБЛИКИ УЗБЕКИСТАН О ПЕРВООЧЕРЕДНЫХ МЕРАХ ПО СМЯГЧЕНИЮ НЕГАТИВНОГО ВОЗДЕЙСТВИЯ НА ОТРАСЛИ ЭКОНОМИКИ КОРОНАВИРУСНОЙ ПАНДЕМИИ И ГЛОБАЛЬНЫХ КРИЗИСНЫХ ЯВЛЕНИЙ, LexUZ, 19 March 2020.

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Since then, there has been a range of media publications about the Fund's misappropriation; for example, articles expose how in the Bukhara,² Navoi,³ Namangan⁴ and Qashkadarya⁵ regions of Uzbekistan, over UZS 2 billion was misused. In September 2020, the Uzbek Senate confirmed 2,438 cases of the Fund's misuse and UZS 38.9 billion lost in total.⁶

Information access

In May,⁷ August⁸ and September⁹ 2020, the Ministry of Finance published in its Telegram channel a series of infographics reflecting the expenses of the Fund, but without much specification about who exactly received money and how it was spent.

In July 2021, international CSOs, bloggers and activists in Uzbekistan raised the issue of the lack of transparency in the Fund's management and the increased risks of misuse and embezzlement multiple times. At the end of August, the Ministry partially disclosed¹⁰ the financial details of the contracts by providing references to the online state procurement platform¹¹. However, there were multiple reports about limited access to data for users located in Uzbekistan (i.e. blocked access to the webpage, limited access to downloading data).

Civil society activists from Uzbekistan managed to download the files disclosed by the Ministry of Finance and conducted an analysis of the provided information about the use of state funds for COVID-19 related needs. Because of retaliation risks, the identity of the activists who conducted this analysis remains confidential.

Methodology

The original data was downloaded from the dedicated webpage of the Ministry of Finance in December 2020 and February 2021.

Eighteen documents in Excel format contain information about state procurement funded from the Anti-Crisis Fund of Uzbekistan for the period from 1 April 2020 to 24 August 2020. The total amount of procurement recorded is around UZS 4 trillion out of the total UZS 10 trillion in the Fund.

Each file contains the following information: activity, region, customer name, product or service, supplier name, contract number, contract date, lot number, purchase type, contract amount, link to the online platform for state procurement in Uzbekistan, etc. Two files have aggregated data for all the procurements funded from the

² ['Выявлено хищение средств из Антикризисного фонда в Бухаре'](#), *Gazeta.Uz*, 22 May 2020.

³ ['Выявлено хищение средств из Антикризисного фонда в Навои'](#), *Gazeta.Uz*, 31 May 2020.

⁴ ['Должностные лица СЭС украли у государства более \\$24 тыс.'](#), *UzNews*, 7 July 2020.

⁵ ['Экс-глава ЦСЭБ Кашкадарьи и другие сотрудники обвиняются в хищении \\$90 тысяч'](#), *Gazeta.Uz*, 19 July 2020.

⁶ ['Расходование средств Антикризисного фонда можно проверить только постфактум' — глава Минфина'](#), *Gazeta.Uz*, 23 September 2020.

⁷ ['Информация о расходах Антикризисного фонда при Министерстве финансов Республики Узбекистан'](#), *Ministry of Finance of the Republic of Uzbekistan*, 27 May 2020.

⁸ ['Информация о расходах Антикризисного фонда при Министерстве финансов Республики Узбекистан'](#), *Ministry of Finance of the Republic of Uzbekistan*, 11 August 2020.

⁹ ['Информация о расходах Антикризисного фонда при Министерстве финансов Республики Узбекистан'](#), *Ministry of Finance of the Republic of Uzbekistan*, 19 September 2020.

¹⁰ ['Ўзбекистон Республикаси Молия вазирлиги хузуридаги Инқирозга қарши қурашиш жамғармаси манбалари тўғрисида'](#), *Ministry of Finance of the Republic of Uzbekistan*, 19 January 2021.

¹¹ Online platform for state procurement in Uzbekistan: [UZEX](#), last accessed 17 November 2021.

Fund as of 24 August 2020, including information about the region, customer, supplier, contract size, etc., and sixteen files contain information for particular types of activity and relevant information about the procurement process for those activities, i.e. construction of a new hospital in Nukus.

It is important to underline that only information about state procurement was analysed under this study, excluding subsidises to the companies, support for the social sector, additional payments to medical staff, etc. The research focuses on state procurement to provide medical equipment, medication and supporting tools required to combat COVID-19; to construct new medical facilities and quarantine centres; and to construct and repair non-medical facilities, in particular schools, sports facilities, roads, etc. in Uzbekistan.

The research aims to identify the patterns in spending the funds and determine which lots are problematic (based on their cost or the type of activity funded), as well as which customers and suppliers indicate a corruption risk.

Limitations

It was difficult to obtain information from what was disclosed on the webpage of the Ministry of Finance, as this varied from day to day and depended on the requester's location. Moreover, the latest file downloaded in February 2021 contains fewer recordings (number of disclosed lots) than the one downloaded in December 2020. Some of the documents did not provide information on some regions or contract details. Therefore, lack of access to comprehensive data may be a limitation, as it is challenging to track patterns without the full list of activities funded. However, the obtained data was enough to come to certain conclusions.

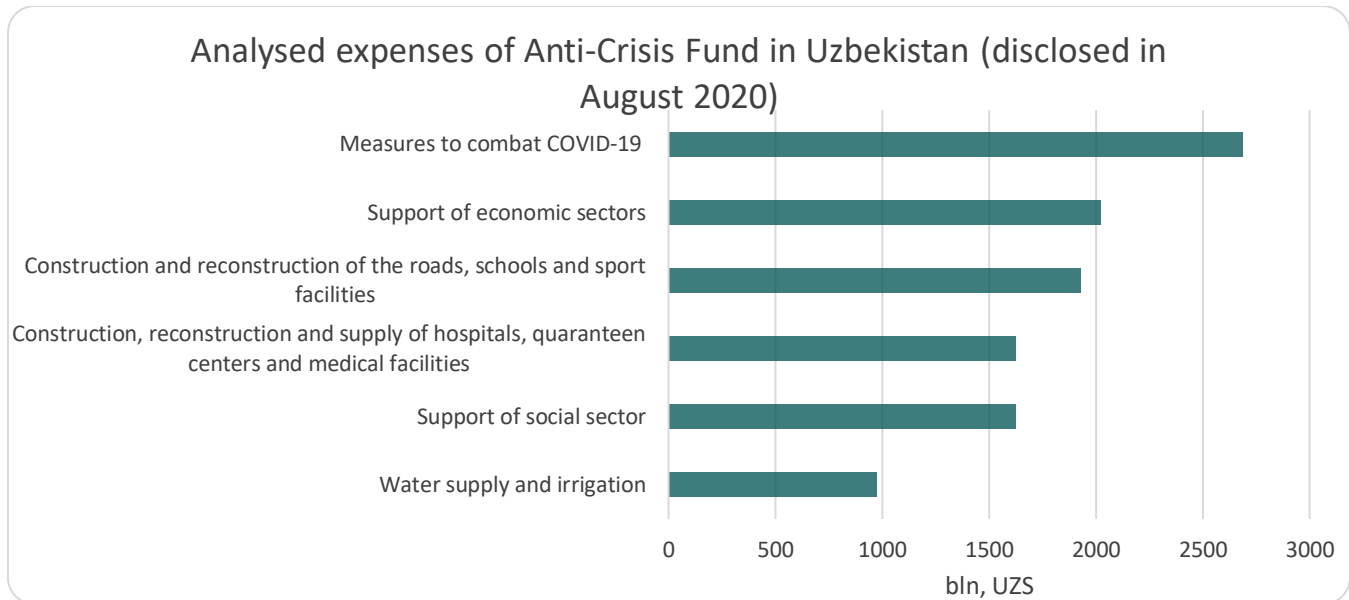
The list of points that raise concern in most cases is done based on analyses of aggregated data. Looking into individual cases would require far more time and is outside of the scope of this research. Thus, some suspicious findings might have meaningful explanations which were not identified by the researchers.

Results

Over 45 per cent of the Fund was spent to support the economy (i.e. subsidies to transport companies, energy companies, etc.), construction of non-medical facilities, water supply and irrigation (Graph 2). This calls into question the prioritisation of spending in a situation where the country's health sector is experiencing problems.

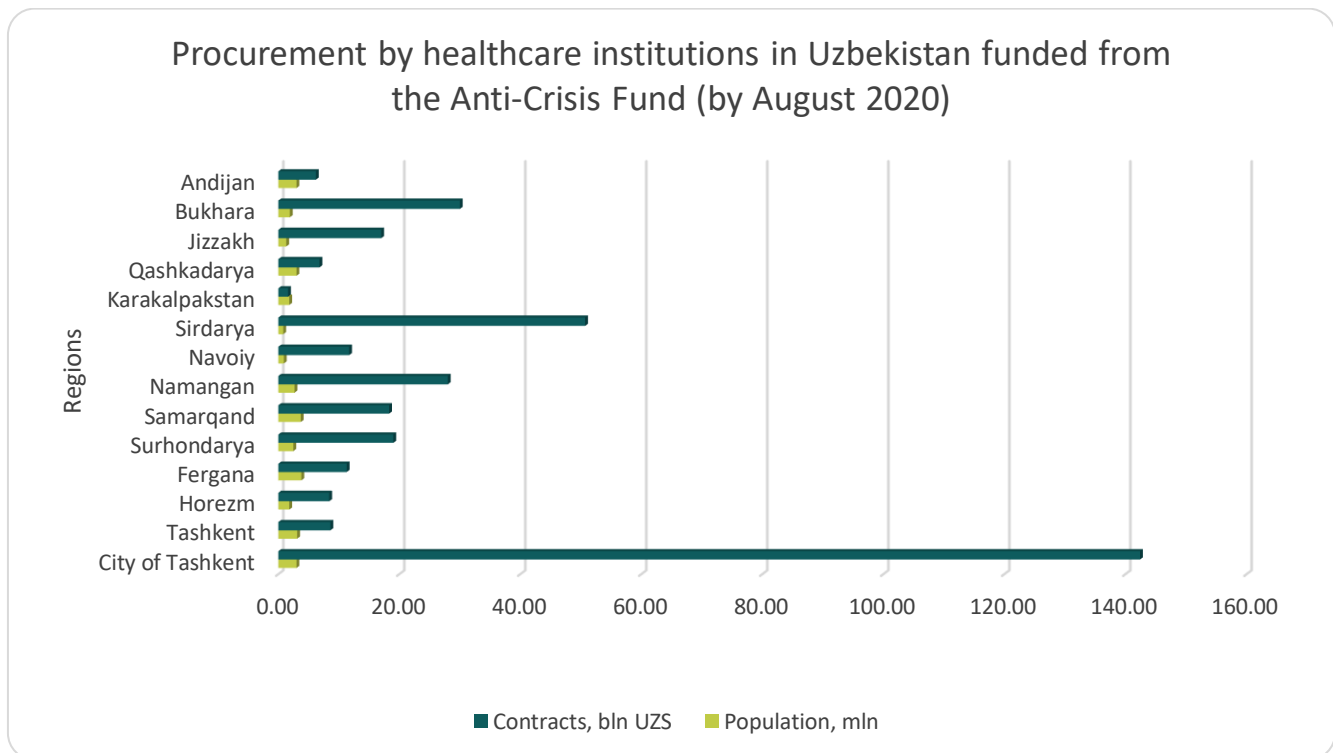
For the construction and repair of roads and schools, UZS 1.9 trillion was spent, yet for the construction and reconstruction of medical facilities only UZS 1.6 trillion was spent. For subsidising state-owned companies, Uzbekistan spent almost as much as it did for measures to combat the pandemic. The following state-owned companies in Uzbekistan received over UZS 1.3 trillion, which accounts for half of the state subsidies for the economy: 'Thermal Power Plants', 'Uzbekneftgaz' and 'Uzbekistan Airways'.

Graph 2.



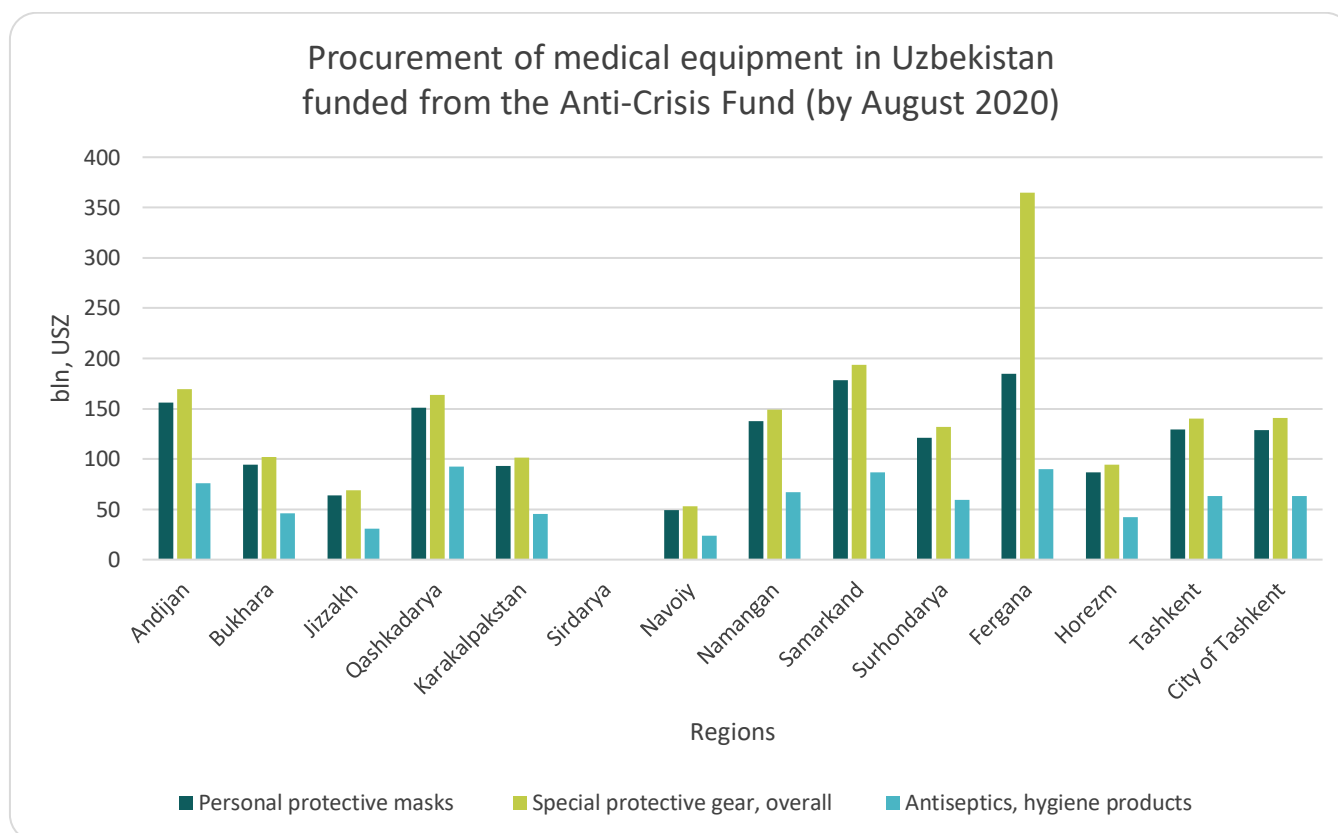
Some of the funds were spent on the healthcare sector. However, procurement by healthcare institutions in certain regions was higher than that in other regions with similar populations (Graph 3). For example, the city of Tashkent (Uzbekistan’s capital), with a population of 3 million, spent over UZS 142 billion, while the surrounding region of Tashkent, which has a similar population to that of the city, allocated UZS just 8.6 billion.

Graph 3.



Moreover, over UZS 365 billion was spent in the Fergana region for the procurement of special protective gear, which is almost three times higher than the national average for such procurement (Graph 4). It is important to underline that no information was disclosed on the procurement of medical equipment in the Sirdarya region, which raises questions about the transparency of procurement in this region or the possible reasons this region did not spend any money on this equipment during a pandemic.

Graph 4.

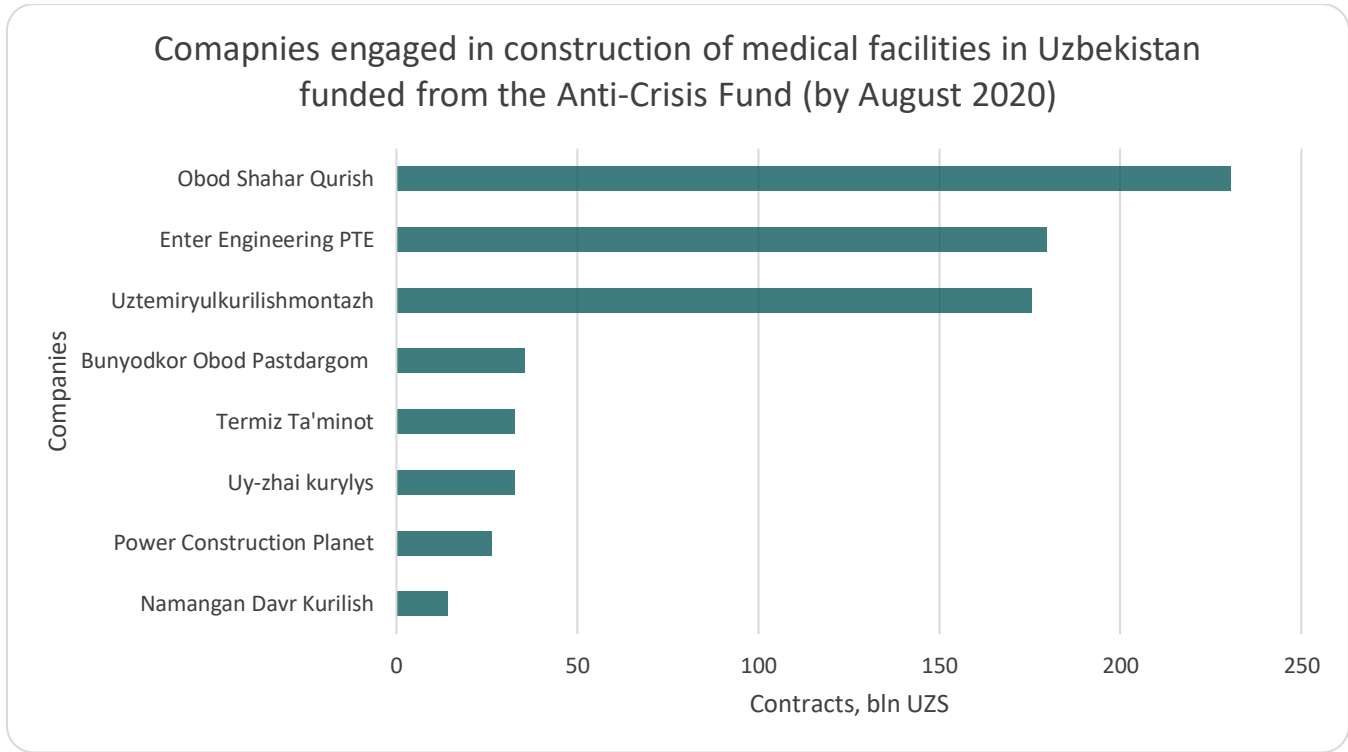


Eight companies received the majority of the contracts for the construction of medical facilities in Uzbekistan, with three companies, namely Obod Shahar Qurish, Enter Engineering PTE and Uztemiryulkurilishmontazh, receiving as much as the other 21 companies (Graph 5). Considering that no tenders were held due to the COVID-19 emergency, this calls into question the rationale for this decision. Recent investigations^{12 13} have confirmed that Obod Shahar Qurish, Enter Engineering and Uztemiryulkurilishmontazh are affiliated with the president of Uzbekistan and the mayor of Tashkent, and that they have been responsible for deliberate price speculation.

¹² 'Суриштирув: Мирзиёев пандемияга "ачинмай" сарфлаган \$8 миллиард кимларга тегди?', Озодлик, 28 June 2021.

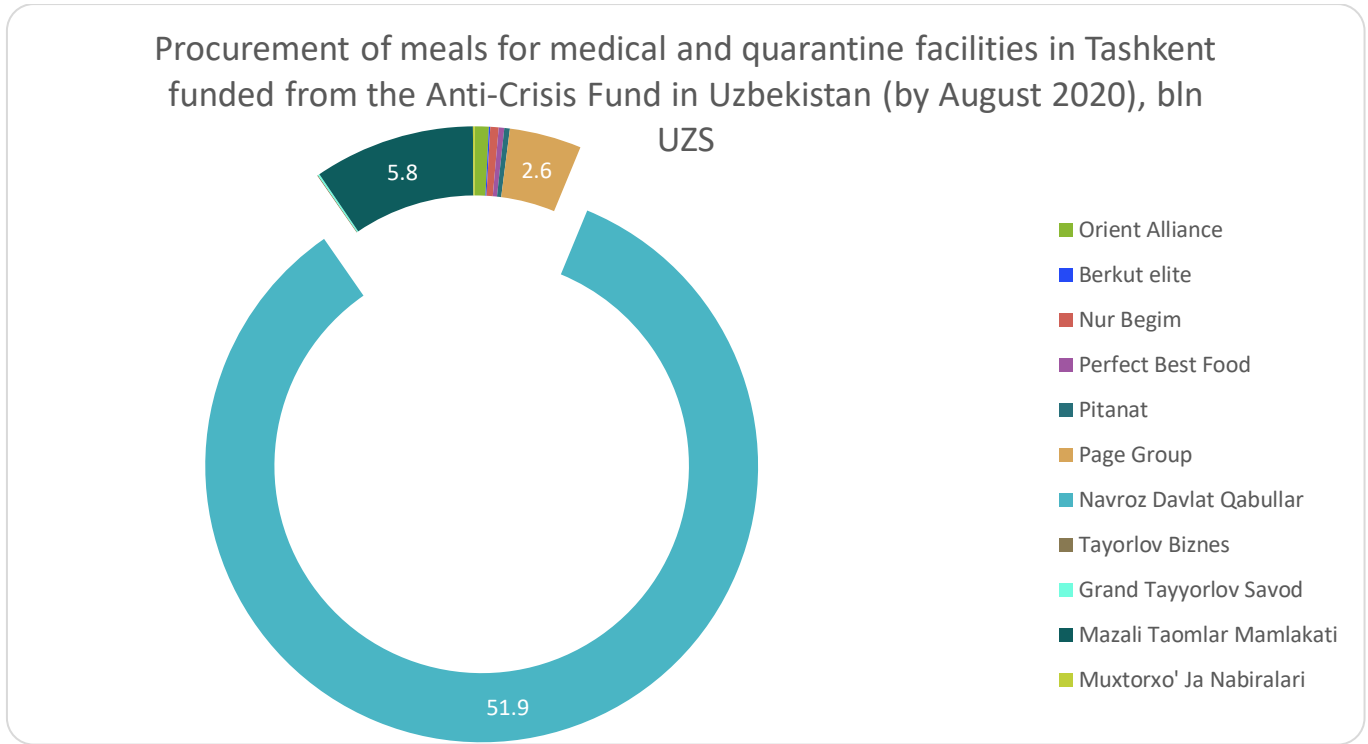
¹³ 'Миллионы на борьбу с COVID-19 достались мэру Ташкента, связанному с "Газпромом" олигарху и первому вице-премьеру Узбекистана. Расследование', Новое Время, 29 June 2021.

Graph 5.



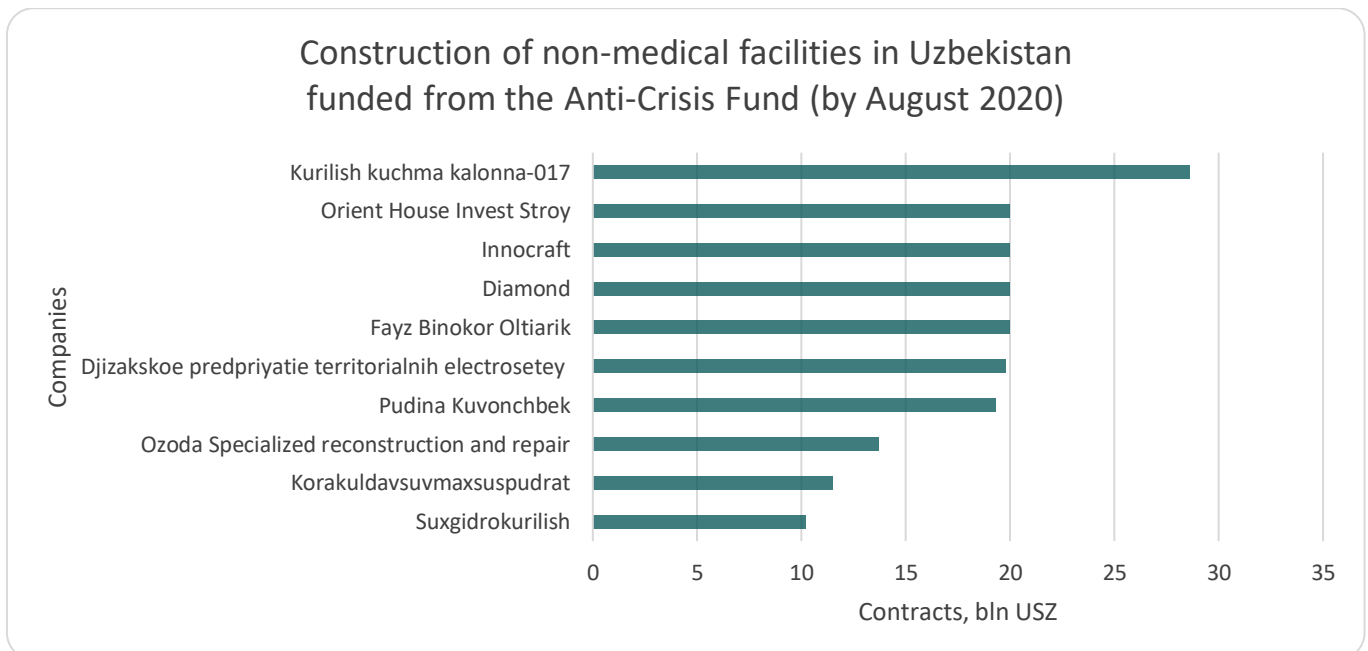
The only state unitary enterprise Navroz Davlat Qabullar received over 84 per cent of funding to arrange meals for the medical and quarantine centres in the city of Tashkent, which is five times higher than the other ten companies in total (Graph 6).

Graph 6.



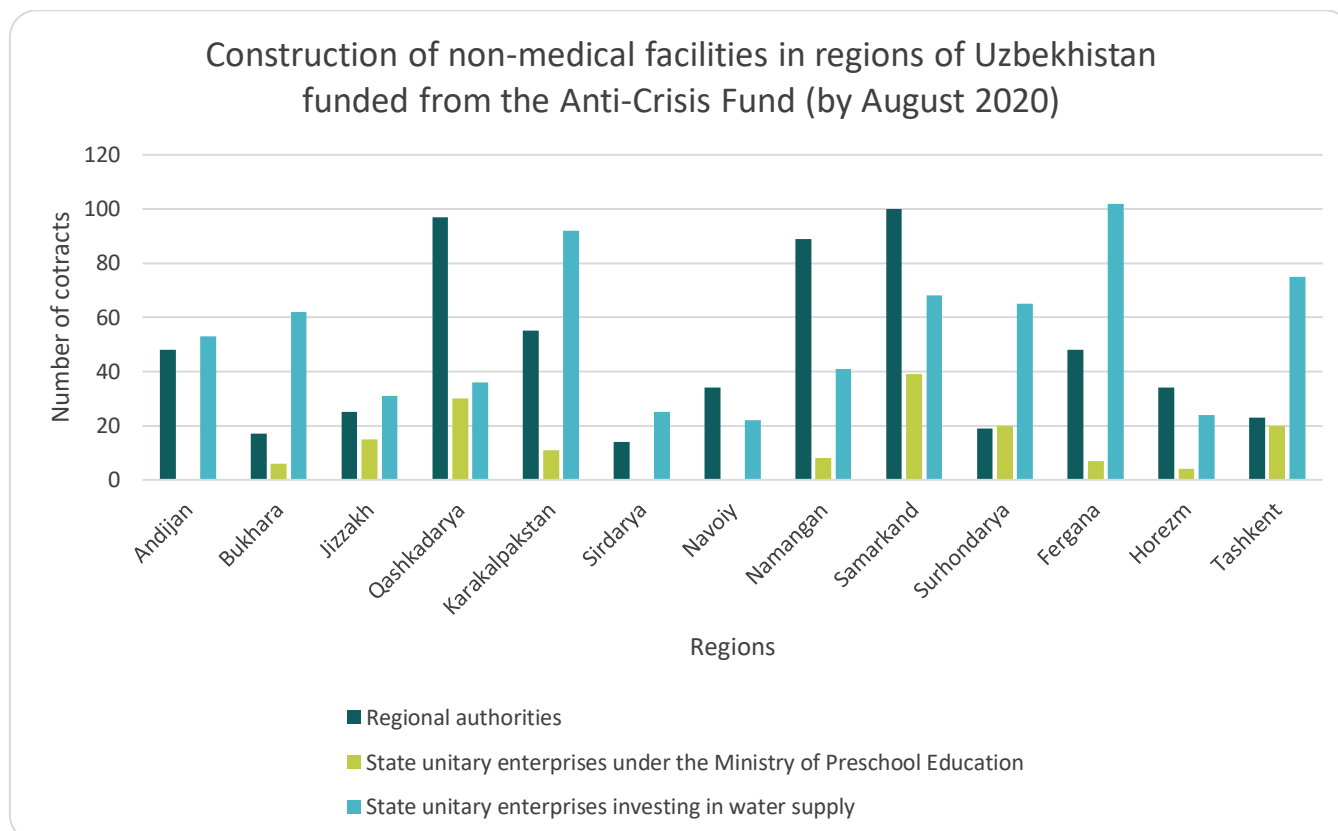
For the construction of non-medical facilities in Uzbekistan, ten companies out of 29 received the majority of the funding, which is around UZS 183 billion, with Kurilish kuchma kalonna-017 alone getting over UZS 28 billion (Graph 7).

Graph 7.



In the Qashkadarya, Namangan and Samarkand regions, the authorities were the most active in procurement for non-medical purposes (i.e. construction of municipal infrastructure); however it is in these regions that the level of health care remains extremely low¹⁴ due to the limited capacity of medical facilities or limited access to electricity (Graph 8).

Graph 8.



Moreover, in 2020, doctors from Tashkent (10th Special Brigade of the Emergency Medical Centre);¹⁵ the Tashkent region (emergency department of the Tashkent regional medical association, nurses from the city of Angren, who worked in the 'Urtasaray' quarantine camp in the Urtachirchik region) and Karakalpakstan (ambulance doctors from the city of Nukus);¹⁶ and the Namangan,¹⁷ claimed that the lack of personal protection equipment and testing for COVID-19 resulted in an increased number of deaths among medical personnel.

¹⁴ [Реформа здравоохранения в Узбекистане: Какая роль отведена международному сообществу? Себастьян Перуз](#), Программа по Центральной Азии, IERES, Университет Джорджа Вашингтона Член Международного партнерства за права человека (МППЧ), 2020.

¹⁵ ['В Ташкенте борющиеся с коронавирусом врачи «скорой» выразили недовольство действиями правительства во время пандемии'](#), Мехрибон Бекиева / Озодлик, 21 July 2020.

¹⁶ ['Covid-19: Врачи обратились к президенту с жалобой на отсутствие защитных костюмов'](#), Мехрибон Бекиева / Озодлик, 26 July 2020.

¹⁷ ['Сообщается, что в Узбекистане от COVID-19 умерли более 500 медработников – власти не комментируют эту информацию'](#), Барно Исакова / Озодлик, 12 November 2020.

Conclusions

The analysis of available data on state procurement funded by the Anti-Crisis Fund of Uzbekistan has shown the following trends in spending which could be considered indicators of corruption risks and should be investigated accordingly:

- A significant part of the Fund was spent to support big state-owned companies and the construction of non-medical facilities despite the difficulties of the health care system in Uzbekistan. Clearly, the economic sector is heavily impacted by the pandemic in Uzbekistan, but emergency loans allocated by the MDBs to overcome COVID-19 should ensure a balance of priority health measures to save lives and economic measures to support business. Multiple reports confirmed that Uzbekistan's healthcare system failed to protect people and provide the requested medical support.
- Procurement by healthcare institutions in particular regions, including the city of Tashkent, significantly exceeded the potential demand based on population size. The total cost of personal protective equipment purchased in one region exceeded the national average by almost three times. The authorities of the regions with extremely poor health care systems asked for the highest number of purchases in the non-medical sector. There are almost no effective mechanisms of public control over the authorities in Uzbekistan, such as independent media and advanced civil society. Therefore, such patterns in public spending may indicate the potential misuse or embezzlement of the funds.
- Three companies allegedly affiliated with the president of Uzbekistan and the mayor of Tashkent received the largest contracts for the construction of medical facilities. Similarly, ten companies out of 29 received the majority of the funds for the construction of non-medical facilities in Uzbekistan. One state enterprise received 84 per cent of the funding allocated for meal provision to the quarantine centres in Tashkent. In a situation where the companies were exempted from tenders, such patterns may call into question the objectivity and independence of the decisions made by the government in favour of these companies.