

COMPARATIVE ANALYSIS OF PUBLIC PROCUREMENT METHODS OF THE REPUBLIC OF KAZAKHSTAN AND OTHER COUNTRIES

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ABSTRACT

The relevance of the study is determined by the need to modernize and improve the legal framework of Kazakhstan with the variable state of the economic, political, and social system, one of the components of which is the process of public procurement. The study aims to conduct a comparative legal analysis of the implementation of public procurement in Kazakhstan and other countries. Such methodological approaches as the theoretical approach, functional approach, method of legal hermeneutics, method of logical analysis, method of deduction, and others were used in the work. During the research, it was revealed that the digitalization of processes in the field of public procurement provides an opportunity to optimize the logistics information flows and to rationalize the full implementation mechanism of procurement for the needs of the state. A comparative analysis of the implementation of public procurement in Kazakhstan and such countries as Germany, China, South Korea, the United States of America, and Ukraine was conducted. The study of best practices allowed identifying a range of recommendations that will help to improve the effectiveness of the current mechanism of public procurement in Kazakhstan. The normative legal acts, which regulate the activities on implementation of public procurement in Kazakhstan, were analyzed in detail, which, in turn, allowed us to characterize this mechanism with the inclusion of theoretical and practical aspects. The study also revealed that there is no single universal model of public procurement in modern international practice; this is because each state system has peculiarities of socio-economic, legal, and political nature. The practical value of the results is to provide recommendations for improving the current mechanism of public procurement in Kazakhstan.

Key words: *tender, competition, government management, public procurement, digital transformation.*

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1. INTRODUCTION

According to the Constitution of the Republic of Kazakhstan¹, one of the important principles of state activity is the development of an economic plan for the benefit of all people. One factor that has a significant impact on the implementation of several functions is public procurement. Under Article 4 of the Law of the Republic of Kazakhstan No. 434-V ZRK “On Public Procurement”², one of the principles of implementation of the mechanism of public procurement is the effective and optimal expenditure of funds, which is used for the functioning of this mechanism. On this basis, according to Sönnichsen and Clement³, this principle always serves as one of the most urgent tasks for all states of the world, and the improvement of public procurement is one of the priority tasks in public policy. It should be mentioned that the state is a major customer, which requires huge resources to provide, using the funds of the state budget of various levels, and the target is to guarantee all the needs and requirements that are necessary for normal functioning and maintaining viability. As noted by Guarnieri and Gomes⁴, one of the most relevant ways to increase the above factors is the application of logistic tools, which is based on the application of the base of digital technology.

The novelty of this method and its application in the implementation of public procurement is the integration of logistics with related activities, which are associated with the functioning of this mechanism. This gives the possibility to realize the goal of purchasing high-quality products in a well-defined period with minimum time and financial costs while operating in a single system of information and material flow management. Thus, according to the position of Lăzăroiu et al.⁵, the basis of unification is the logistics information resource, which penetrates all stages of public procurement and allows for making and controlling public procurement in an accessible, timely, and quick way. The processes of integration of the Republic of Kazakhstan (RK) into the world trade and the subsequent evolution of market relations, the course for the development of the innovative plan, building a system to optimize budget

¹ Constitution of the Republic of Kazakhstan, 1995, https://online.zakon.kz/document/?doc_id=1005029#sub_id=0, 12/10/2022.

² Law of the Republic of Kazakhstan No. 434-V ZRK “On Public Procurement”, 2015, <https://adilet.zan.kz/rus/docs/Z1500000434>, 12/10/2022.

³ Sönnichsen, S. D., Clement, J.: Review of green and sustainable public procurement: Towards public procurement, *Journal of Cleaner Production*, 245 2020, pp. 118901.

⁴ Guarnieri, P., Gomes, R. C.: Can public procurement be strategic? A future agenda propositions, *Journal of Public Procurement*, 19(4) 2019, pp. 295-321.

⁵ Lăzăroiu, G. et al.: Environmentally responsible behavior and sustainability policy adoption in green public procurement, *Sustainability*, 5 2020, pp. 2110.

expenditures, and preserving the social orientation in the policy of the state necessitate a reevaluation of approaches to the formation of methods of building and managing the system of public procurement of goods, services, works and, accordingly, to improve the functioning of the financial mechanism.

The level of development of public procurement in most countries of Europe and the United States of America (USA) is very high, which is due to a rather large experience in the studied sphere. Its application in the public procurement system of Kazakhstan is important because it can contribute to efficiency and improvement of this mechanism. As noted by Uyarra et al.⁶, one of the characteristic features of the studied system in the mentioned countries is the presence of competitive procedures, which serves as the basis for the implementation of public procurement at a high level. The advantage of this method is that it provides an opportunity to determine the supplier on a fair basis. According to Grandia and Vonkken⁷, the system of public procurement of the countries under study is characterized by strict regulation of the mechanism and clear interaction between agencies, which allows for reducing corruption, a detailed planning structure, a large variety in the implementation of control over the implementation of the contract and evaluation of results, and a variety of resources of information nature on contract system management.

On this basis, an important component to improve the efficiency of the public procurement system in Kazakhstan is to conduct a comparative legal analysis with the experience of several other countries. This will allow assessing methods of implementation of public procurement of centralized and decentralized plans, to highlight their advantages and disadvantages. It is important to note that when introducing new methods in the studied economic system, it is necessary to analyze in detail the prospects and consequences of other measures, as there is a high probability that through this the efficiency of public procurement may be reduced or not achieved at all.

2. MATERIALS AND METHODS

The study, the scope of which was to conduct a comparative analysis of the methods of public procurement in Kazakhstan and other states, was carried out through the application of various methods that reveal different aspects of

⁶ Uyarra, E. et al.: Public procurement, innovation and industrial policy: Rationales, roles, capabilities and implementation, *Research Policy*, 1 2020, pp. 103844.

⁷ Grandia, J., Vonkken, D.: Sustainable public procurement: The impact of ability, motivation, and opportunity on the implementation of different types of sustainable public procurement, *Sustainability*, 19 2019, pp. 5215.

the work. Using a theoretical approach, the concept of public procurement was disclosed, and the characteristic features and peculiarities of this mechanism, as well as the principles of its functioning, were highlighted. The functional approach provided an opportunity to consider the main essence of public procurement and highlighted their role in the structure of the state, especially in the economic sphere. The method of comparative analysis allowed us to highlight the characteristic features of public procurement in Kazakhstan and compare them with the experience of such countries as Germany, China, South Korea, the USA, and Ukraine. The dogmatic approach helped to analyze the legislative framework, which regulates the activities to implement public procurement in Kazakhstan, which, in turn, allowed us to characterize this mechanism with the inclusion of theoretical and practical aspects. Through the application of the method of legal hermeneutics, the features of the implementation of public procurement in other countries were analyzed, which allowed tracing of the effectiveness of the implementation of digital policy in this segment in the policies of the states under study.

Through the implementation of the method of logical analysis, it was found that the digitalization of processes in public procurement provides an opportunity to optimize information flows of logistical orientation and to rationalize the full implementation mechanism of procurement for the needs of the state. Using the deduction method in the work, the mechanism of implementation of public procurement was characterized based on its inherent elements, principles of implementation, and methods. In turn, through the implementation of the method of induction, based on the identified essence of public procurement and its role in the economic system of the state system, the mechanism of public procurement implementation was described. The method of analysis helped to identify that there is no single universal model of public procurement in modern international practice; this is because each state system has peculiarities of socio-economic, legal, and political nature. The method of synthesis provided an opportunity to identify recommendations to improve the efficiency of the public procurement mechanism in Kazakhstan based on the identified results.

As such, this research was conducted in several stages. The first stage consisted in identifying the theoretical component of the work, which provided an opportunity to characterize the concept of public procurement, to highlight its main features, principles of implementation, and essence. The second stage helped to conduct a comparative analysis of public procurement policy in Kazakhstan and several countries such as South Korea, China, Germany, USA, and Ukraine; it was noted that the digitalization of processes in public procurement provides an opportunity to optimize information flows of logistics orientation and to streamline the full implementation mechanism of pro-

curement for the needs of the state. The third stage consisted of addressing the main recommendations that would improve the efficiency of the mechanism of public procurement in Kazakhstan, which, in turn, will have a significant impact on the economic system.

3. RESULTS

The system of public procurement plays a very important role in the economic policy of many developed countries. This is because public procurement is quite an effective tool to regulate the composition of the economic plan of the state, which provides an opportunity to create demand for a certain range of works, services, and goods. A large customer of such purchases is the state, as ensuring all the necessary needs, functioning, and support of the viability of the state structure are allocated very huge financial resources⁸. Spheres of such needs can concern absolutely any branch, beginning from food and finishing military⁹. To improve the efficiency of Kazakhstan's public procurement system, the experience of different states should be considered. The importance of this study is caused by the level of procurement activities of the countries studied, characterized by the presence of practical experience on the efficiency of spending of state budget funds, which is very relevant for improving the organization of procurement of services, goods and works to meet the needs of the state¹⁰. Analysis of the experience of other countries will provide an opportunity for its further application in the development of new approaches to the organization of public procurement in Kazakhstan. Developed states are characterized by the existence of competitive procedures, which are the basis of the system under study. This includes competitive bidding, which serves as the main way to implement the procurement procedure.

According to the proposal of the UNISTRAL Model Law on International Commercial Arbitration¹¹ the Procurement Law was adopted, based on which most states have formed legislation to regulate public procurement activities. The UNISTRAL Model Law on International Commercial Arbitration was

⁸ Chicot, J., Matt, M.: Public procurement of innovation: a review of rationales, designs, and contributions to grand challenges, *Science and Public Policy*, 4 2018, pp. 480-492.

⁹ Petronchak, Yu., Romaniv, K.: Regarding the issue of special import of goods for military purpose and dual use as items seized or restricted in civilian circulation, *Social and Legal Studies*, 6(3) 2023, pp. 120-126.

¹⁰ Krasnykov, Y.: Development and implementation of new organizational structures in the public sector, *Democratic Governance*, 2(32) 2023, pp. 11-27.

¹¹ UNISTRAL Model Law on International Commercial Arbitration, 2006, https://uncitral.un.org/en/texts/arbitration/modellaw/commercial_arbitration, 13/10/2022.

enshrined in the normative legal acts of such states as Germany, Armenia, Albania, and others. One of the most highly effective systems for the management of public procurement is the federal contract government of the USA. This is caused by the fact that the experience of this state is very long according to the point of historical formation. The basis of the system is differentiated and flexible, but at the same time detailed and very clear regulation of the procurement procedure, which includes a range of all the main stages for quality implementation of this process¹².

Such stages include procurement planning, order placement, supplier selection, contracting and contracting control and administration of their implementation, as well as providing an evaluation of the results of their execution. It should also be mentioned that this system is characterized by the presence of structured elements, which are necessary for the implementation of effective management. These include detailed regulation of the legal regulation by establishing a system of legislative acts and bylaws, which contain all the fundamental rules and procedures for procurement; availability of information plan systems, which provide access to the database on contracts, suppliers, and other important parameters of the federal order; detailed and clear distribution of powers, rights, and duties between officials and federal agencies, the range of activities in the implementation of the procurement process; developed system for planning public procurement; availability of a library of standard specifications and model contracts; availability of a wide range of methods of types of contracts and procurement¹³. Analyzing the United Kingdom (UK) experience, it is worth noting that it is inherent in the functioning of the national system, which is characterized by well-established mechanisms for the management of public procurement, which includes such stages as placement, planning, and execution. The main methodological and supervision body in the UK is the Central Organization for Procurement¹⁴.

It is worth mentioning that each ministry in Great Britain has a department of contract work, the goals and objectives of which, are the independent implementation of procurement to meet the needs of other territorial divisions and departments. The task of officials of the Treasury is to, in the conditions

¹² Alanzi, A. A.: The USA government procurement system: the power of the contracting personnel, *Journal of Legal, Ethical and Regulatory Issues*, 3 2021, pp. 1-11.

¹³ Madiyarova, D. M., Argyngazinov, A. A.: Export potential of small and medium enterprises of Kazakhstan: analysis of regional opportunities, *Research in Economic Anthropology*, 42 2022, pp. 207-217.

¹⁴ Loader, K.: Small-and medium-sized enterprises and public procurement: A review of the UK coalition government's policies and their impact, *Environment and Planning C: Politics and Space*, 1 2018, pp. 47-66.

of delegation of the right, to dispose of means of the state budget to sectoral departments in support of supervision, placement, planning, and execution of the state contract¹⁵. It is worth noting that the official powers of the Treasury also include the confirmation of expenditures and the implementation of the management of the procurement process. The basic principles of the public procurement system are the principles of transparency, openness, efficient and economical use of state budget funds, and fair and equitable treatment of all suppliers. Noting the experience of Germany, which is a member of the European Union (EU), it is worth mentioning that it is obliged to implement the EU Directives and the Agreement on Government Procurement¹⁶, but it implements it with certain nuances. For example, the provisions that regulate contractual relations have not been formalized by a separate normative-legal act but were included in the antimonopoly legislation¹⁷.

A characteristic feature of the German experience in the analyzed segment is the controllability of this system, which includes court and appeal instances with expedited consideration of complaints¹⁸. Decisions that are issued are published in the public domain, which is the embodiment of the principle of transparency, which is enshrined in Directive 2014/24/EU of the European Parliament and of the Council “On public procurement and repealing Directive 2004/18/EC”¹⁹. It is worth noting that there is an official organization called “Public Procurement Forum”, which consists of scientists and experts, who through conferences constantly learn and find new ways to improve and increase the efficiency of the current public procurement system. To implement the goals of the state budget plan, there is also an established procedure in which contractors without the appropriate qualifications, proper experience, or good reputation are not allowed to cooperate²⁰. Based on German policy in the field of public procurement, it is possible to note certain provisions that can

¹⁵ Arrowsmith, S.: *The Law of Public and Utilities Procurement*, Sweet and Maxwell, 2020.

¹⁶ Agreement on Government Procurement, 2012, https://www.wto.org/english/Tratop_e/gproc_e/gp_gpa_e.htm, 16/10/2022.

¹⁷ Begzhan, A. et al.: International legal regulation of government procurement for sustainable development in the framework of the WTO, *Rivista di Studi sulla Sostenibilita*, 2 2021, pp. 95-109.

¹⁸ Madiyarova, D. M., Kosel, E. S., Tamer, N.: The effects on globalization: a comparative analysis for German and Turkish economy. *Research in Economic Anthropology*, 42 2022, pp. 63-71.

¹⁹ Directive 2014/24/EU of the European Parliament and of the Council “On public procurement and repealing Directive 2004/18/EC”, 2014, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0024>, 16/10/2022.

²⁰ Sarter, E.K.: The Development and Implementation of Gender Equality Considerations in Public Procurement in Germany, *Feminist Economics*, 3 2020, pp. 66-89.

be effectively used in the experience of Kazakhstan. So, for example, it is worth noting the German two-tier system for the implementation of control. Its advantage is that in addition to the court there is also an appeal instance, which is an independent institution and provides the opportunity to consider disputes in an expedited manner²¹. Next, it is worth mentioning the principle of reasonableness, which is the purchase of high-quality products at an affordable price in government procurement. It is important to take this into account since a proposal with a low contract price does not always guarantee the quality of products, which entails adverse consequences for the customer, in this case – the state.

It is important to mention that South Korea's experience is quite weighty, as the public procurement system has been highly praised by the Organisation for Economic Co-operation and Development and awarded in the United Nations Public Service Awards²². Korea's current legislation explicitly stipulates that a list of special regulations applies to the legal regulation of public procurement, as they provide special provisions. It is worth noting that South Korea's public procurement system is characterized by a combination of special and unified requirements for the process, with some legal exceptions contained in various sources depending on the type of procurement item. It is also inherent to South Korea's public procurement that there is less use of "flexible" procurement, such as competitive dialogues and negotiations, which are more common in the USA and the EU²³. Most significant in Korea's experience is the digitalization of the public procurement process. For example, the central government agency, the Public Procurement Service, has implemented KONEPS (Korea Online E-Procurement System), an online integrated system²⁴. It provides the ability to improve the public procurement system and ensure its continuity strategically and comprehensively. That is, it allows to cover the entire cycle of procurement implementation, beginning with the registration of the customer in the system and ending with the fulfillment of obligations under the contract. Moreover, with the use of this online system, it is possible to provide a full-fledged exchange of documents in electronic format in the functioning of the mechanism of public procurement.

²¹ Ladychenko, V. et al.: Judicial practice of Ukraine on consideration of public procurement disputes from the perspective of European Union standards, *Law. Human. Environment*, 14(1) 2023, pp. 63-76.

²² United Nations Service Medal, 2021, <https://www.defence.gov.au/adf-members-families/honours-awards/medals/foreign-awards/united-nations-service-medal-korea>, 18/10/2022.

²³ KONEPS, 2022, https://www.g2b.go.kr/gov/koneps/pt/intro/file/4_KONEPS_eng.pdf, 18/10/2022.

²⁴ Kim, H. H., Oh, C.: Analysis of the Productivity and Effects of Administration Information System: Focused on KONEPS (Korea Online E-Procurement System), *Journal of Society for e-Business Studies*, 22(2) 2018, pp. 123-136.

The KONEPS procurement system makes a very significant contribution to the effectiveness and efficiency of the use of state budget funds²⁵. This is because savings are made by reducing the administrative burden on potential suppliers and allowing only small and medium-sized businesses to participate in certain government orders. Of no small importance is the fact that the central part of the online purchasing system is separated from the main coordination plan system. This allows for stability and security and has had a significant impact on the restructuring of the electronic user menu in terms of the use of the Short Message Voice instant messaging system. Moreover, the Korean government procurement management system has fraud detection systems and a separate information plan system to detect and handle overloading due to the uploading of huge data sets²⁶. When analyzing public procurement in China, it should be noted that it is typical to use logistic tools, which provide an opportunity to streamline the management functions in the studied segment of the economy. The management system of China is characterized by the provision of sufficiently stringent requirements for global partners who wish to act as a supplier in the public procurement market²⁷. The principle of logistics provides China to implement this process with the achievement of greater awareness of potential suppliers, reduce the likelihood of corruption crimes, maximize the result at fixed costs, as well as rationalize transactions²⁸.

It is worth mentioning such an important component of China's policy in the area under study as the liberalization of legislation at the local level. Thus, the government provides the population of provinces, which are participants in the market of public procurement, with additional freedoms and benefits. The government pays a very large amount of attention to the improvement and efficiency of software for procurement procedures and information security in general²⁹. On this basis, it can be argued that part of the national strategy of the state is the orientation of digital technology on the security of the development of the socio-economic plan. Analyzing the experience of Ukraine, it is worth noting that it is characterized by a combination in the system of a set of

²⁵ *Ibid.*

²⁶ Križić, I.: Regulating public procurement in Brazil, India, and China: Toward the regulatory developmental state, *Regulation and Governance*, 3 2021, pp. 561-580.

²⁷ Kundu, O., James, A. D., Rigby, J.: Public procurement and innovation: a systematic literature review, *Science and Public Policy*, 4 2020, pp. 490-502.

²⁸ Vasylevych, Ya.: The most common ways to commit crimes in public procurement, *Scientific Journal of the National Academy of Internal Affairs*, 21(3) 2016, pp. 151-159.

²⁹ Ma, Y. et al.: Does green public procurement encourage the firm's environmental certification practice? The mediation role of top management support, *Corporate Social Responsibility and Environmental Management*, 3 2021, pp. 1002-1017.

principles for the implementation of public procurement, namely the maximum economy, non-discrimination of participants, fair competition, efficiency, objective and unbiased provision of evaluation of bids, openness, and transparency at all stages of procurement, prevention of acts of corruption and abuse³⁰. An important role in the formation and development of the public procurement system, as well as ensuring competition is given to the Antimonopoly Committee of Ukraine; the central task of the committee is the control activities and the development of sets of indicators and indicators to provide an objective assessment of the effectiveness of the procurement system and control over them³¹.

Based on the above-mentioned, to improve the efficiency and quality of implementation of public procurement mechanisms in Kazakhstan, it is necessary to implement a certain range of recommendations. Thus, it is worth mentioning the improvement of search functions and activation of some functions that are not currently used in Kazakhstan; for example, the creation of mobile e-procurement and instant user notification system. It is also worth noting the introduction of a biometric security token and abandoning the electronic digital signature, as this will improve the security of data transfer. An important step is the development of new ways to support socially oriented companies in public procurement. These recommendations will improve the security and quality of public procurement. Subsequent studies will aim to study the prospects of digitalization of public procurement in Kazakhstan in more detail, considering the possible problems and ways to solve them.

4. DISCUSSION

Public procurement is the order and purchase of goods, services, and works to meet the needs of the state at the expense of funds from the budget. This type of procurement activity helps cover all areas of customer companies. Noting the basic principles through which the procurement mechanism operates, it is worth highlighting the openness and transparency, fairness and equality to bidders, consolidation of responsibility, as well as the effective use of the state budget. According to Demircioglu and Vivona³², in modern conditions, there is

³⁰ Symonenko, N.: Criminal community as a manifestation of organised crime: A comparative legal analysis, *Law Journal of the National Academy of Internal Affairs*, 14(1) 2024, pp. 69-77.

³¹ Pysmenna, O., Kulbaba, I.: General theoretical principles of forming the public procurement market within the framework of EU legislation, *Actual Problems of Improving the Current Legislation of Ukraine*, 57 2021, pp. 111-117.

³² Demircioglu, M. A., Vivona, R.: Positioning public procurement as a procedural tool for innovation: an empirical study, *Policy and Society*, 3 2021, pp. 379-396.

no single universally recognized model for the construction of public procurement management system. It is worth agreeing with this statement, as each of the states has its differences in development in political, economic, and technological terms. Each state has its understanding of the key components of the system of public procurement management, which is enshrined in the national legislation. Based on international experience in the organization of the procurement system, it is possible to identify three basic models according to the structure and distribution of authority. As Ntsonde and Aggeri³³ note, these are centralized, decentralized, and hybrid structures. The first one is characterized by the unification of procurement functions and their transfer to one or more agencies; the second one is characterized by the fact that numerous customers can organize their own needs; the last structure demonstrates the combination of approaches of the first two.

According to the position of Hafsa et al.³⁴, currently, the public administration systems are characterized by the strengthening role of the strategic plan of public procurement in the implementation of policies and the achievement of the allocated goals for development. One cannot but agree with this statement, as the system of public procurement is one of the most significant components of the economic system of any state. Ma et al.³⁵ note that improving the quality and efficiency of the public procurement process serves as an important factor that provides an opportunity to ensure the profitability and survival of private companies, and also has an impact on the functioning of the mechanism for obtaining the necessary resources to reduce taxes in the public segment of the economy and guarantee social needs. According to Dai et al.³⁶, another factor that allows shaping the process of using centralized organizational models or applying their elements is the process of consolidation of state demand in an objective manifestation.

The main advantage of the centralized model of public procurement is the opportunity to implement a single procurement policy. Getting the maximum effect from this model is possible due to the creation of a special organizational structure, which is responsible for absolutely all types of public pro-

³³ Ntsonde, J., Aggeri, F.: Stimulating innovation and creating new markets – the potential of circular public procurement, *Journal of Cleaner Production*, 308 2021, pp. 127303.

³⁴ Hafsa, F., Darnall, N., Bretschneider, S.: Estimating the true size of public procurement to assess sustainability impact, *Sustainability*, 3 2021, 1448.

³⁵ Ma, Y. et al.: Does green public procurement encourage the firm's environmental certification practice? The mediation role of top management support, *Corporate Social Responsibility and Environmental Management*, 3 2021, pp. 1002-1017.

³⁶ Dai, X., Li, Y., Chen, K.: Direct demand-pull and indirect certification effects of public procurement for innovation, *Technovation*, 101 2021, 102198.

curement. It is worth mentioning that the functioning of a centralized model of public procurement reduces the cost of procurement activities of productive and non-productive nature. As Badell and Rosell³⁷ note, this happens due to the economy on the scale of individual products due to which there is a decrease in the unit cost of purchased products, but at the same time, the factors of distribution and logistics optimization are strengthened. But Badell and Rosell should pay attention to the fact that there is also standardization of purchasing processes and standardization of goods. The centralized model is inherent in the concentration of highly qualified specialists in a separate department, through which a group of experts-professionals is formed, which conducts an analysis of the current state of the market and coordinates the preparation and implementation of future strategies.

Noting the disadvantages of the centralized model of public procurement, one of them is that in the implementation of this method the needs of most customers are combined, the consequence of which is an increase in financial risks, a complication of the logistics process, and an increase in the volume of a separate order. Also, additional risks are that absolutely any disruption of a large-scale procurement by an authorized agency can lead to a disruption of supply for some entities at the same time and a failure in supply. In general, the centralized procurement model is characteristic of the policies of such states as the United Kingdom, Poland, South Korea, Bulgaria, and South American countries. Based on the analysis of the decentralized model of public procurement Zabala-Iturriagoitia³⁸, its advantage is that it most closely matches the interests of organizations, which have the right to spend budgetary funds. In this case, it should be noted that in comparison with the centralized model, the decentralized model is better oriented to meet the needs of the final consumer, which makes the procurement process easier and faster. It is worth noting that the decentralized model is more dynamic and allows you to quickly find the needs of the customer and identify the necessary sources of funds to meet them. That is, this model is characterized by fast and optimal adaptation to emergencies.

Highlighting the disadvantages of the decentralized model, it is worth mentioning the increasing financial costs of the general plan for the functioning of the contracting system. Due to this, there is an increase in the level of costs for providing procurement organizations and the risk of duplication of functions. Another significant problem of the decentralized model, which most countries with this system of the procurement process are working to solve, is the risk

³⁷ Badell, D., Rosell, J.: Are EU institutions still green actors? An empirical study of green public procurement, *Journal of Common Market Studies*, 6 2021, pp. 1555-1572.

³⁸ Zabala-Iturriagoitia, J. M.: Fostering regional innovation, entrepreneurship and growth through public procurement, *Small Business Economics*, 2 2022, pp. 1205-1222.

of decreasing the level of efficiency in individual organizations. States with this model include Germany, Canada, and Finland, as well as Kazakhstan. A different model of public procurement is the hybrid model. It has the advantage of providing the ability to consolidate demand and employment of methods of regrouping and concentrating professional staff to implement more significant and complex procurements. While highly centralized, the hybrid model is agile and flexible. One of the disadvantages of the hybrid model of public procurement is when there is a situation where over time the distribution of procurement between centralized and decentralized models becomes quite blurred. At the same time, issues will inevitably arise concerning differences in the division of powers and responsibilities, the consequence of which is an increased risk of a shortage of professional staff. Accordingly, the implementation of control functions and coordination of procurement activities in this model is complicated. States such as the USA, Austria, and France prefer a hybrid public procurement model.

In the RK, the legislation which regulates the public procurement process is based on the Constitution of the Republic of Kazakhstan³⁹ and norms of the Civil Code of the Republic of Kazakhstan⁴⁰, Law of the Republic of Kazakhstan No. 434-V ZRK “On Public Procurement”⁴¹, and other normative legal acts. The main principles of the procurement process are fair competition among potential suppliers, optimal and efficient expenditure of funds of the state budget, providing potential suppliers with equal opportunities to participate in the procurement procedure, except for cases stipulated by the current legislation, providing support to Kazakh producers of goods, services, and works. The main methods of implementation of public procurement in Kazakhstan are auctions, commodity exchanges, tenders, and requests for quotations. An important advantage of the current system of Kazakhstan is a structured, well-established, and strictly regulated procurement process, as well as the introduction of “rationing of public procurement”, which is the establishment of requirements, including the maximum price for the goods purchased by the customer. Nevertheless, the urgent problem of public procurement is that the main criterion for winning a tender is the price. The consequence of this is the low quality of the received goods, suppliers, and fulfillment of contract conditions. Thus, it should be mentioned that the introduction of a very

³⁹ Constitution of the Republic of Kazakhstan, 1995, https://online.zakon.kz/document/?doc_id=1005029#sub_id=0, 12/10/2022.

⁴⁰ Civil Code of the Republic of Kazakhstan, 1994, <https://adilet.zan.kz/eng/docs/K940001000>, 17/10/2022.

⁴¹ Law of the Republic of Kazakhstan No. 434-V ZRK “On Public Procurement”, 2015, <https://adilet.zan.kz/rus/docs/Z1500000434>, 12/10/2022.

strict lower limit of price reduction will provide an opportunity to increase the level of efficiency of functioning of this sector of the economy.

Based on the above-mentioned, the choice between centralized and decentralized models should not necessarily be categorical. The analysis of the experience of other countries serves as a confirmation of this because in practical application none of the models of organization of public procurement are provided in “pure form”. Most often, the most advantageous strategy is the optimal and effective combination of two models, namely decentralized and centralized. In modern conditions, centralized and hybrid models of public procurement are becoming increasingly popular. Subsequent research will focus on the study of ways to digitalize the process of public procurement in the Republic of Kazakhstan.

5. CONCLUSION

During the research, a comparative analysis of ways and methods of implementation of public procurement in several states was carried out and recommendations were highlighted, which will help to improve the quality and increase the efficiency of the current mechanism of public procurement in Kazakhstan. In general, public procurement is one of the important components in the economic policy of each state. They are an effective tool that provides an opportunity to regulate the economic segment of public administration and create demand for a certain range of works, services, and goods. The experience of several countries, such as the USA, the UK, Germany, South Korea, China, and Ukraine, was analyzed. Such recommendations were highlighted as the development of methods and ways to provide support for socially oriented companies in public procurement, improving the search and activation of some functions that are not currently used in Kazakhstan, namely the introduction of a biometric security marker. This will provide an opportunity to improve the security and integrity of data transfer and the public procurement process. An important stage is the study of the main models of public procurement, namely decentralized, centralized and hybrid.

The analysis of the mentioned countries' experience is a confirmation that the choice between the model of public procurement should not be categorical. This is because in practical application none of the models are provided “in pure implementation”. Rather, the common and winning strategy is a combination of two models, namely decentralized and centralized, which is marked by high optimality and efficiency. It is important to consider that in modern conditions, centralized and hybrid models of public procurement are becoming more popular.

One of the key limitations of this study is the lack of detailed empirical data and analysis specific to the public procurement system in Kazakhstan. Future research should focus on collecting primary data from stakeholders involved in public procurement in Kazakhstan to gain a deeper understanding of current challenges and areas for improvement. Further research will aim to explore in more detail the prospects for digitalization of public procurement in Kazakhstan, taking into account possible challenges and solutions. It is important to conduct a comprehensive assessment of existing e-procurement platforms and identify opportunities to improve their functionality, security and usability. In addition, the study should explore strategies to ensure transparency, accountability and anti-corruption measures as part of the digitalization of the public procurement process in Kazakhstan.

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