

# REQUEST FOR EXPRESSIONS OF INTEREST (CONSULTING SERVICES – INDIVIDUAL CONSULTANT SELECTION)

## Uzbekistan

### Institutional Capacity Building Project

Credit No.: IDA 6431-UZ

**Assignment Title:** Selection of an Economist-Competition Specialist for development of guidelines for streamlining price controls in the Republic of Uzbekistan

**Reference No.:** AMC-CS-INDV-PREGULATION

The Ministry of Finance of the Republic of Uzbekistan has received financing from the World Bank toward the cost of the Institutional Capacity Building Project and intends to apply part of the proceeds for consulting services on behalf of the Antimonopoly Committee of the Republic of Uzbekistan.

The consulting services (“the Services”) include the developing a market assessment guideline that includes the following topics: the economic reasoning behind price control interventions; the shortcomings associated with undue price control interventions; map the international experience on implementing price controls in regulated sectors; map price regulation mechanisms currently applied in Uzbekistan and provide recommendations for policy improvement; price regulations during the crisis times (e.g. COVID-19 pandemics etc.). Implementation period up to 3 months, ensuring full consistency with the Terms of Reference (TOR) attached in this REOI.

The detailed TOR for the assignment could be found at following source: [www.mf.uz](http://www.mf.uz), <https://www.linkedin.com/in/piu-icb-project-570420199/>.

The Ministry of Finance of the Republic of Uzbekistan on behalf of the Antimonopoly Committee of the Republic of Uzbekistan now invites eligible Individual Consultants (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services (reference to similar services, experience in similar assignments, availability, etc.) submitting a CV directly to the [piu\\_mof@mail.ru](mailto:piu_mof@mail.ru).

The shortlisting criteria are:

- PhD or Master’s in Economics, Development or other relevant field for the assignment
- At least 10 years of experience with public policy advice, and with drafting of high-level analytical reports and technical papers;
- Experience advising competition authorities on international best practices and standards in the area of competition policy enforcement and introduction of competition policy tools and practices as well as in developing recommendations for their improvement and putting in place methodologies for the implementation;
- Experience on competition law and economics, particularly in assessing market dynamics and price strategies;
- Experience dealing with price regulation, price assessment and market intelligence guidelines;
- Fluency in English is required and Russian is preferred;

- Modern approach to delivery of policy/technical advice, and experience of working with public institutions/bodies.

The attention of interested Consultants is drawn to Section III of the World Bank's "Procurement Regulations for IPF Borrowers" July 2016 ("Procurement Regulations"), setting forth the World Bank's policy on conflict of interest. In addition, please refer to the following specific information on conflict of interest related to this assignment: Consultants shall not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of being unable to carry out the assignment in the best interests of the Ministry of Finance and the Agency of State Assets Management of the Republic of Uzbekistan.

Further information can be obtained at the address below during office hours from 9:00 a.m. to 18:00 p.m. Tashkent time.

Expressions of interest must be delivered in a written form in English, Russian or Uzbek languages to the address below (in person, or by mail, or by e-mail) by 24th September, 2020.

Project Implementation Unit under the  
Ministry of Finance of the Republic of Uzbekistan  
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## **TERMS OF REFERENCE**

### **for selection of an Economist - Competition Specialist for development of guidelines for streamlining price controls in the Republic of Uzbekistan**

#### **1. Background information**

Uzbekistan embarked on a series of economic reforms in 2016, which among other objectives aim to increase competition across multiple sectors, reduce number of State owned enterprises, improve the allocation of resources, increase enterprise productivity and, ultimately, improve the quality of goods and services available to the population.

Competition policy in Uzbekistan is enforced by the Antimonopoly Committee of the Republic of Uzbekistan (“Committee”). According to the Decree of the Cabinet of Ministers of the Republic of Uzbekistan №402 as of 15.05.2019 The Antimonopoly Committee of the Republic of Uzbekistan is a government body in the field of antitrust regulation, development of a competitive environment, control over the activities of natural monopolies and licensing of commodity exchanges.

The main tasks of the Antimonopoly committee of the Republic of Uzbekistan are:

- Implementation of a unified state policy in the field of ensuring a competitive environment in product and financial markets;
- Implementation of a systematic analysis of the state of the competitive environment in product and financial markets, the identification and suppression of abuse of dominant position, “cartel” agreements and collusion, unfair competition of business entities;
- Antitrust regulation of tenders, economic concentration and state aid;
- Ensuring non-discriminatory access of market participants to highly liquid goods (works, services), including those produced by natural monopolies;
- Assessment of the impact of legislative acts on competition, prevention of decision-making and implementation of actions of state bodies restricting competition.

The identification and removal of potentially distortive price controls across the economy are one of the main challenges faced by Uzbekistan in its path towards the promotion of more competitive and productive markets. Currently, Uzbekistan has several types of price controls affecting various markets, ranging from natural monopoly tariff interventions to all sort of retail goods and services that could be potentially offered under free market prices. Price regulation is carried out for more than 41 types of goods and services. Moreover, in the field of natural monopolies, despite the fact that tariffs for 10 types of goods (works, services) are regulated, in fact, 142 different price levels are applied, based on the categories of consumers and suppliers, as well as the territorial principle.

In this context, the Committee would benefit from the development of a clear methodology to guide the identification of what markets merit price intervention and what markets do not, informing the Committee’s role to advocate and promote pro-competitive government interventions in the economy. At the same time, the Committee would benefit from a complete map of all sectors affected by price interventions and recommendations on how to phase out undue price controls, as well as indications of what methodologies are more commonly used to control prices in sectors affected by market failures that justify this type of regulation. For those markets where price regulation remains it is important to describe and discuss the market based progressive pricing mechanisms (for example Regulatory asset base model).

#### **2. Objective**

The Institutional Capacity Building Project (ICBP) brings together professionals in different areas of public management to develop innovative, integrated solutions to complex institutional problems. The practice utilizes a problem-driven, diagnostic approach, combining global comparative knowledge of reform successes and failures with keen understanding of the institutional challenges and opportunities of developing countries.

Antimonopoly Committee of the Republic of Uzbekistan is a recipient under Component 3: Improving Support Mechanisms for Reforms Technical Assistance to Regulatory Agencies and Other Public Sector Agencies performing economic regulatory functions of the ICPB.

Key objective of the assignment (the “Assignment”) under the Component 3 is to assist the Government of Uzbekistan to identify key regulatory and institutional methods to improve the system of enforcement of competition policy in Uzbekistan.

In general terms, Institutional Capacity Building Project (ICBP) in the competition sphere provides support to the Committee in:

1. Developing sound tools for antitrust policy by improving analytical, policy and methodology framework of the Antimonopoly Committee such as methodologies and guidelines in different directions of antitrust regulation;
2. Effective capacity building initiatives implementation and institutional strengthening for Antimonopoly committee employees;
3. Diagnostics of competition in different sectors and drafting sectoral competition development programs.

Under current terms of reference the Antimonopoly Committee is looking to engage an economist with solid experience on market analysis, competition and regulated sectors to assist the government of Uzbekistan in reviewing current price regulation policies, increasing the analytical capacity of Antimonopoly Committee on price control assessments and designing a strategy to phase out distortive price interventions in markets.

### **3. Scope of Work**

The main objective of this assignment is to develop a comprehensive policy guideline covering the following topics:

#### **3.1 The economic reasoning behind price control interventions, including:**

- Identify specific market failures and inefficiencies that justify different types of price regulation, from natural monopoly markets and why they merit more stringent regulatory price intervention (such as tariff fixing), to markets with high barriers to entry/market failures that can potentially justify more subtle price interventions (such as price ceilings, reference/transparency), and also the basic characteristics of markets that although may benefit from other types of regulation (quality, security, information, etc.) can fairly set their prices competitively;
- Identify the main types of government price interventions and how they relate to the identified market failures: describe the differences between regulations that set, among others, fixed prices, cap prices, minimum prices, price or profit margin ranges, rules that promote/facilitate price transparency (for suppliers, consumers, competitors).
  - Explain how these different types relate to the identified market failures, and what would be the expected benefits or risks associated with their implementation. It would be important to identify clearly what would be

the market characteristics/criteria associated with the use of each type of price intervention.

- Highlight the difference between *ex ante* price regulation and *ex post* assessment of potential abuse of dominance.
- For sectors facing market failures that could be tackled/solved by price regulation, identify the benefits for consumers in establishing price regulation;
  - Provide methodologies used to regulate prices in markets that merit intervention, for example in segments of utility sectors characterized by natural monopolies (please expand this discussion under section 3.3).

### 3.2 The shortcomings associated with undue price control interventions, including:

- Explain the key risks associated with undue price regulation (e.g. shortages, lack of investments, dependence on subsidies, low quality/variety, low productivity). Explain how these potential negative effects impact key stakeholders: e.g. low quality/low availability of goods and services for consumers; high subsidy costs for governments; low productivity/incentives for investments of firms;
- Provide examples of markets that often suffer from undue price regulation and most common cases in developing countries and countries in economic transition with the failed price regulation policies.

### 3.3. Map the international experience on implementing price controls in regulated sectors:

- Provide detailed overview of the most common methodologies used to control prices in sectors that merit this type of regulation (mainly natural monopolies in utility services).
  - Include a discussion on the framework of Regulatory Asset Base model;
  - Discuss methodologies to define level of profitability, return on equity and return on assets regulation methods and solving the problem of creating incentives to achieve price efficiency (lower costs) for goods and services of natural monopolies; comparative values
  - Discuss strategies of price cap regulation and ensure the accuracy of the factors (variables) used in this type of regulatory tool and the corresponding regulation methods;
  - Discuss the benefits of competitive bidding (tender auctions) to assign concession rights to provide monopoly services; include different strategies used (e.g. lowest tariff, highest tender price, etc.) and in what circumstances they would be most effective;
  - Other methods, that create the effect of competitive motivation in subjects of natural monopolies;
  - Map different methods with specific sectors to establish the logic in choosing a specific method;
- Highlight advantages and disadvantages of these mechanisms, factors on deciding when choosing the specific methodology and provide the examples of countries/industries using the methods described

### 3.4. Map price regulation mechanisms currently applied in Uzbekistan and provide recommendations for policy improvement:

- Map the current structure of price controls in Uzbekistan: sectors (including natural monopolies, companies with dominant position, strategic and socially important goods and services, and regulated goods and services based on the

decisions of the President of the Republic of Uzbekistan), goods and services, and authorities responsible and legal basis for intervention;

- Identify gaps and deficiencies in the existing price mechanisms regulation in Uzbekistan;
- Based on the map of price controls currently in place in the country, provide a matrix of recommendations identifying what industries/goods and services would benefit from reforms in the current price regulation, particularly those that could benefit from removing price controls;
- Provide rationale and detailed methodology for implementing of Regulatory Asset Base model and in which sectors it can be applied – sectors that have market failures justifying price controls;
- For the identified industries/goods and services provide details on objectives, mechanisms, targeted solution (other type of regulation or no regulation) and suggested timeline for reforms and how it should be implemented;
- Highlight transition solutions for countries to move from undue price control to more effective interventions (e.g. replacing price fixing plus production subsidies for competition and other less restrictive interventions). To the extent possible, bring at least a couple of examples from countries that successfully transitioned from undue/wide price controls in the economy to more functional market dynamics

### 3.5. Price regulations during the crisis times (e.g. COVID-19 pandemics etc.)

- Discuss in what circumstances price controls can be used to deal with market failures/distortions caused by external shocks such as the Covid19 health crises. Highlight the costs associated with undue intervention, e.g. risks of shortages, under investment and low productivity in times of restricted supply.
- Map the industries and goods that may typically benefit from price regulation intervention during the crises such as socially important goods;
- Establish criteria on when intervention would be beneficial, how regulation should be implemented and eventually lifted;
- Recommendations on model price regulation during the crisis situation like COVID-19 pandemics in Uzbekistan.

The guideline should follow robust economic theory and leading international practice on the implementation of similar mandates.

## 4. Deliverables and timelines

### 4.1 Deliverable

The main deliverable is a guideline written in English, in Word format (.doc), covering all the topics described in section 3 “scope of the work”. The document must include (i) executive summary, (ii) bibliography, and (iii) any data, graphs, tables or figures used in the guideline in editable format (e.g. background excel sheets and power points should be shared).

### 4.2. Timeline

*Draft report:* No later than 40 calendar days after the signing of the contract. The AMC will provide detailed comments and feedback within 10 days. Consultant will have 15 calendar days to address any issues raised by AMC. Follow up interactions shall take place if needed, until a final version is agreed on.

*Final report:* No later than 90 calendar days contract signing.

The project shall start with a kick-off meeting, in which all key parties – national stakeholders, Antimonopoly Committee, the World Bank team and the procured Consultant – will participate

<b>NO.</b>	<b>DELIVERABLE</b>	<b>DUE</b>
1.	Kick-off meeting	In the week of contract signing.
2.	Inception report outlining approach and planned timeline for the assignment	One week after contract signing.
3.	Draft Review Report*	Not later than 40 days following the contract signing
4.	The Committee comments	10 days following draft review report
5.	Second draft review report	15 days following receiving comments from the Committee
6.	Further discussion and coordination on the outstanding issues with the report	Not more than 25 days following second draft report
7.	Final report summarising the findings, final recommendations and reflecting the feedback provided by the national stakeholders	Not later than 90 days after contract signing
8.	Workshop for presentation of findings and recommendations to national stakeholders and Antimonopoly Committee	Within two weeks after final report submission

\*- During the draft report preparation consultants are able to reach out to Antimonopoly Committee for comments and clarification needed

## **5. Consultant required skills and experience**

Education:

- PhD or Master's in Economics, Development or other relevant field for the assignment

Experience:

- At least 10 years of experience with public policy advice, and with drafting of high-level analytical reports and technical papers;
- Experience advising competition authorities on international best practices and standards in the area of competition policy enforcement and introduction of competition policy tools and practices as well as in developing recommendations for their improvement and putting in place methodologies for the implementation;

- The Consultant shall also have good understanding and demonstrated knowledge of issues related to the development of competition enforcement capacities in developing countries with underdeveloped or nascent competition policy frameworks;
- Experience on competition law and economics, particularly in assessing market dynamics and price strategies;
- Experience dealing with price regulation, price assessment and market intelligence guidelines.

#### Competencies

- Excellent oral and written communications skills.
- Fluency in English required and Russian preferred.
- Ability to work effectively under pressure in a diverse, team-oriented environment.
- Modern approach to delivery of policy/technical advice, and experience of working with public institutions/bodies
- Ability to lead strategic planning, results-based management and reporting
- Builds strong relationships with clients, focuses on impact and result for the client and responds positively to feedback
- Consistently approaches work with energy and a positive, constructive attitude

## **6. Commitment and payment**

The duration of the contract equals to 3 months starting from the effective date of the contract.

The ceiling of working days within period of 3 months starting from the Effective Date shall be 40 days. Travel time to or from the Governments' country shall not be calculated as working days.

## **7. Resources provided by the Agency:**

The project will be managed by the Committee with the Consultation from the World Bank and other stakeholders as will be communicated to the Consultant. The Consultant shall consult the World Bank prior to their meetings with counterparties related to the Assignment.

The Committee will secure adequate office space for the Consultant with internet connectivity in case it is necessary, at the premises of the Agency. The Agency will ensure efficient communication and interaction of the Consultant with the relevant state agencies necessary for performing the tasks from this TOR;

The Committee will secure the appropriate premises and technical equipment for seminars and meetings with managers and specialists of the state agencies within the framework of the performance of the tasks from this ToR.

The Committee will provide a working contact person for coordination. The Committee will make available their experts and any documents, data and information necessary for the implementation of this Assignment. The Committee will ensure coordination with ministries and agencies and other national stakeholders. The need for the formation of the working group with the involved stakeholders will be discussed between the World Bank and the Committee.

The Consultant will provide English version of all relevant materials and deliverables and will be responsible for presenting the work developed under the Assignment as/when necessary. The translation for the Consultant experts if those don't have Russian language capacity and of the deliverables and materials will be provided through the project funds with the support of World bank team.



## **8. Confidentiality Statement**

All data and information received from the Committee for the purpose of this assignment are to be treated as confidential and are only to be used in connection with the execution of these Terms of Reference. All intellectual property rights arising from the execution of these Terms of Reference are assigned to the Antimonopoly Committee. The contents of written materials obtained and used in this assignment may not be disclosed to any third parties without the expressed advance written authorization of the Antimonopoly Committee.