



DIRECTIONS FOR IMPLEMENTING PROACTIVE BUDGETING IN THE REPUBLIC OF UZBEKISTAN

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ABSTRACT

This article studies directions for implementing proactive budgeting in the Republic of Uzbekistan. Measures to be implemented to further improve proactive budgeting practices, additional tasks assigned to the accounts chamber and the state financial control inspectorate in proactive budgeting are analyzed. Scientific conclusions and recommendations are presented on the basis of analyses.

KEY WORDS

Budget, budgeting,
proactive budgeting,
GDP, local budget,
financing, projects.

Introduction

The deepening of the reforms being carried out in Uzbekistan requires further increasing the role of the state budget in organizing the treasury execution, expanding its rights in the financial and budgetary sphere and strengthening its financial base. As our President noted, “as a result of systemic changes in the economy, the share of industry in the GDP is expected to increase from 35 percent to 37 percent this year. However, in some cities and districts, insufficient attention is being paid to this extremely important issue. As a result, in 27 districts of the republic, the share of industry does not even reach 1 percent of the regional indicator. Therefore, it is necessary to develop medium- and long-term programs for the development of industry in each district and city” [1]. Therefore, the issues of developing proactive budgeting mechanisms for the effective use of state budget funds in the development of regions are urgent.

Literature Review

As is known, an effectively functioning state is necessary for the normal socio-economic and political development of each country. The state performs the tasks of producing necessary goods and services for society and citizens of the country, creating the legal basis of regulatory and institutional structures for the effective functioning of the economy and social networks, and thereby creating material and other conditions for the life and work of its citizens. Based on these tasks. The main functions of the state are:

1. Developing, adopting, implementing and improving legal documents that form the institutional foundations of a market economy;

2. Ensuring macroeconomic and socio-political stability, effective management and regulation of the economy;
3. Financing basic social services, providing social support to the needy segments of the population;
4. Managing and regulating the processes of integration into the world economy, while protecting national interests;
5. Ensuring public administration, defense and national security of the country;
6. Implementation of measures related to nature protection and ensuring ecological balance, etc.

It should be noted that with the increase in the country's economic potential, the power of the state, its ability to expand its functions, increases. In order for the state to successfully perform its functions, as well as to implement strategic goals that are relevant at each stage of development, it is an objective necessity for it to accumulate a certain part of the financial resources created in the country. It is precisely the existence of this objective necessity that requires the existence and functioning of the state budget.

Economists of different periods and economic schools of different directions have approached the clarification of the content of the state budget in different ways.

When clarifying the socio-economic essence of the budget, it is important to consider its:

- as an economic category;
- as a material concept;
- as a legal category.

As an economic category, the state budget is a system of monetary relations arising from the redistribution of national income (partly national wealth) created in the country between the state and legal entities and individuals, as a result of which a monetary fund - the budget - is formed and used for the purpose intended to finance the economy, socio-cultural sectors, defense and state administration needs.

As a material concept, the state budget is a centralized fund of monetary funds that ensures the activities of the central government and local authorities of the appropriate level, designed to fulfill their political, economic, social and environmental tasks. The state budget is a centralized fund of state monetary funds (including funds from state trust funds), which provides for the sources of income and the amount of receipts from them, as well as the directions and amount of spending of funds allocated for specific purposes during the financial year.

As a legal category, the state budget is a basic financial plan, a legal document, developed and approved in accordance with the established procedure by the central and relevant local authorities and executive bodies, providing for the formation, distribution and targeted use of a centralized fund of funds. As a legal document, it is compiled, reviewed, approved and executed for each fiscal year (in the Republic of Uzbekistan, the fiscal year corresponds to the calendar year, but in countries around the world, in accordance with their traditions and important, decisive historical dates in the life of the country, the budget year may not correspond to the calendar year) in the manner and within the terms established by the legal and regulatory documents on the state budget.

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The state budget is considered the leading link in the state finance system and the entire financial system. The state budget has a number of specific features, which are as follows:

- firstly, the state budget is an independent economic category, manifesting itself through distribution and control functions;
- secondly, by its socio-economic nature, the state budget serves as a tool (instrument) for redistributing national income and national wealth;
- thirdly, by its material composition, the state budget serves as the main centralized monetary fund of the country;
- fourthly, from the point of view of the legal definition of its financial basis, the state budget is the main financial plan of the country, which has legal force;
- fifthly, the state budget is an element of labor force creation, since labor force creation largely depends on education, healthcare, social insurance and pension provision expenses.

It should be noted that assessing the capabilities of local budgets directly requires determining the fundamental essence of this concept. An analysis of the numerous definitions given to the concepts of “regional economy”, “local budget capabilities” shows that in most cases each definition is formulated in order to confirm certain ideas and views of its author, emphasizing a separate aspect of many aspects related to these concepts. However, the definition of scientific concepts should cover important aspects of processes and phenomena, be clear and concise. Some economists interpret the concepts of “regional financial capabilities” and “local financial capabilities” in the same sense, on the one hand, and the concepts of “financial resources” and “financial capabilities” in the same sense, on the other hand [2]. Planning budget expenditures based on single state (socially acceptable and scientifically based) standards without linking them to real revenues of the local budget currently leads to a significant excess of the budget’s expenditure over the revenue part. Therefore, it should be noted that the application of such unified state norms in the current conditions means a conscious reduction of local budget expenditures on expenditure items, which leads to unjustified sharp fluctuations in the level of financing for one or another item in expenditure groups. As a result of this practice, disagreements and imbalances remain between local financial authorities and the Ministry of Finance regarding the forecasting of local budget expenditures. In addition, socially acceptable and justified state norms of budget expenditures require the legal approval of certain social standards (consumption budget, subsistence minimum, etc.), which once again confirms the limited possibilities of applying unified state norms in the near future [3].

Analysis and Results

The launch of the mechanism for involving citizens in the budget process serves as a special tool for finding solutions to the problems that plague the population in the regions and for making the public a participant in the budget process. The Development Strategy of New Uzbekistan for 2022-2026 notes the need to consistently continue the work being carried out to direct part of the budget funds based on public opinion within the framework of the state program for implementation in the “Year of Attention to Humanity and Quality Education”, to increase the activity of citizens in the initiative budgeting processes, and to further improve this process, taking into account the experience accumulated over the past period. Therefore, the Resolution of the President of the Republic of Uzbekistan No. PD-117

dated 10.04.2023 “On further improving the practice of initiative budgeting and measures to support active neighborhoods” establishes the following (Figure 1). In particular, it is noted that 1,666 projects worth 1.5 trillion soums were awarded during the initiative budgeting process held within the first season of 2023, an additional 1.3 trillion soums were allocated for the implementation of 1,309 projects that received more than 2,000 votes each during the initiative budgeting processes held within the first season of 2023, but were not recognized as winners, and the additional funds will be allocated from the funds planned for 2023 within the framework of the "Prosperous Village" and "Prosperous Mahalla" programs, etc.

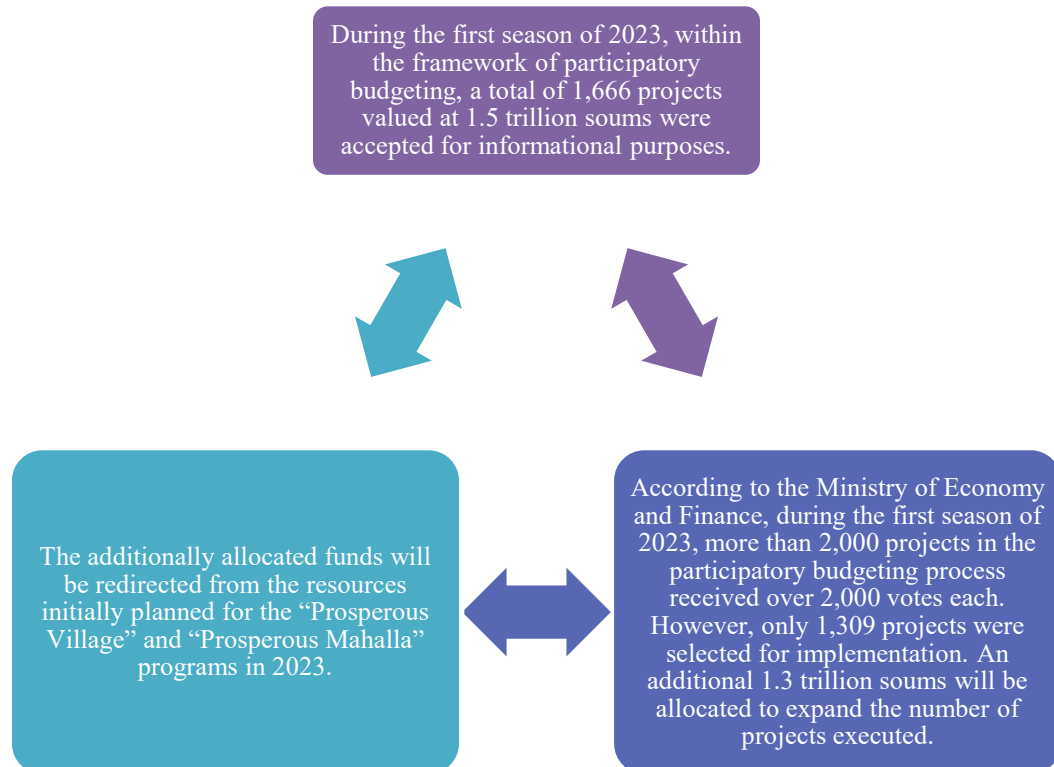


Figure 1. Measures to be implemented to further improve proactive budgeting practices [4]

In order to further improve the practice of initiative budgeting and effectively organize support for active neighborhoods, the Accounts Chamber and the State Financial Control Inspectorate have been assigned a number of additional tasks within the framework of initiative budgeting processes, including monitoring the timely and complete transfer of funds to citizens' initiative funds, conducting on-site inspections of the work being carried out within all projects at least once a month and constantly monitoring them, and conducting control measurements at the end of construction and repair projects (Figure 2).

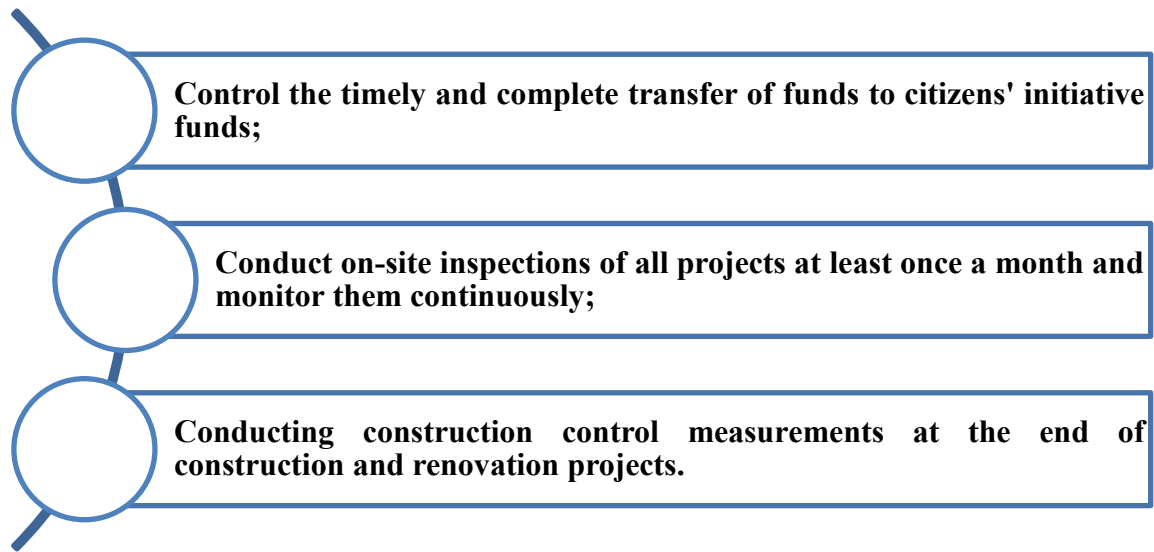


Figure 2. Additional tasks assigned to the Accounts Chamber and the State Financial Control Inspectorate in proactive budgeting [4]

Within the framework of the initiative budgeting process, it is prohibited for the heads of budget organizations to instruct employees to collect votes. In this case, forcing them to collect votes is equated with engaging employees of the relevant organization in forced labor.

The determination of the winning neighborhoods (villages) is carried out by one of the following methods, announced to the general public before the start of the voting process: based on the number of votes cast for the project package, using a correction coefficient for neighborhoods (villages) with a small population [5].

According to the results of the voting process, the project package with the highest indicator within the funds formed in the fund for each district (city) is recognized as the winner. In this case, the project package must collect at least 100 votes to be recognized as the winner. In the event of an equal number of votes, the project package that first recorded the highest indicator among the neighborhoods (villages) with equal votes will be recognized as the winner.

The activities included in the project package for the winning neighborhoods (villages) will be implemented, which have received more than 50 percent of the votes cast for the relevant project package. In this case, citizens will have to choose activities from the project package that are actually a real problem for the neighborhood (village).

The project packages formed for neighborhoods (villages) that did not receive enough votes and were not recognized as winners will be transferred to the “archive” status. This project package may be re-voting by the neighborhood chairmen in future processes. The initial amount of funds required for the implementation of the activities recognized as winners will be determined based on the conclusions of the sectoral enterprises, as appropriate, according to the design and estimate documentation. After the event is declared a winner, project and estimate documents for its implementation are developed and the final cost of the event is specified. Based on the initial cost of the winning project package, it is not allowed to reduce the volume of work (goods, services) carried out within the framework of the event [5].

If the final cost of the event is higher than the initial cost of the event according to the project and estimate documents, in these cases the additional funds required for the implementation of the event will be covered by the funds saved from other events in the relevant project package or the funds available in the fund, as well as by the decision of the Jokargi Kenes of the Republic of Karakalpakstan, regional and Tashkent city councils of people's deputies, respectively, from the republican budget of the Republic of Karakalpakstan, local budgets of regions and Tashkent city.

Conclusions

When studying the directions of implementing initiative budgeting in the Republic of Uzbekistan, it is necessary to pay attention to ensuring openness and transparency in organizing the initiative budgeting process, increasing the volume of financing resources, and preventing artificially increasing the number of votes during the voting process.

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