To the question of openness and transparency of the budget of the Republic of Uzbekistan

Gulmira Samandarova1* and Mansur Eshov1

1Tashkent State University of Economics, Tashkent, Uzbekistan

Abstract. In this article, the author presents the facts and analysis of how to ensure budget transparency based on the same budget reforms, as well as discusses and investigates topical issues of generating budget revenues at all levels. The sources of formation and the main directions of increasing the stability and increasing the revenues of budgets of all levels are studied. In order to ensure the openness of the budget process, an information portal “Open Budget” has been developed and launched, which contains detailed information on the execution of the state budget, its parameters, components and forecast indicators. The portal also provides an opportunity for citizens to determine the directions for the expenditure side of local budgets.

1 Introduction

According to the draft state budget, the Uzbek authorities will provide 58 trillion soums for the development of education and healthcare in the country.

At the suggestion of the president, it planned to allocate an additional 12 trillion soums to these areas for the implementation of 55 new programs in the regions. In particular, it planned to open 1,600 kindergartens in remote areas, build 40 new schools and renovate the buildings of 235 old educational institutions, as well as update school textbooks and create 2,000 computer classes [1-8].

In addition, because of state grants, quotas for admission to universities, including masters and doctoral programs, will be increased. In addition, based on a public-private partnership, it planned to build and equip dormitories, as well as partially compensate for the costs of more than 80,000 students for renting housing.

It planned to allocate 8 trillion soums for the development of primary health care and the introduction of high-tech medical services in the regions. Of these, 1 trillion soums will go to the development of oncohematology, endocrinology, kidney and liver transplantation. Part of the budget funds will be used to organize the vaccination of the population against coronavirus and bring the number of people vaccinated to 17 million, as well as the provision of specialized medical services to socially vulnerable segments of the population.

In the draft state budget, one of the main items of expenditure is the improvement of the infrastructure of the regions. In accordance with the document, 26 trillion soums will be allocated for the construction of housing and social facilities, improvement of mahallas [6].

* Corresponding author: g.samandarova@tsue.uz
By order of the President, the public procurement system will be provided with maximum transparency. From January 1, 2022, the Ministry of Finance instructed to introduce a tendering system that excludes the human factor. In addition, it planned completely digitalize the accounting of all budgetary organizations, to make payments for public procurement through electronic invoices.

Modern trends in the development of the financial system indicate, on the one hand, the expansion of the independence of local authorities of the Republic of Uzbekistan. And on the other hand, the need to implement at the expense of local budgets the priority areas of state policy formulated in the Decrees of the President of the Republic of Uzbekistan “On additional measures to increase financial independence of public authorities on the ground, strengthening the responsibility of tax and financial authorities for the completeness of revenues to local budgets” dated December 13, 2017, No. 5283. The Law of the Republic of Uzbekistan “On the State Budget of the Republic of Uzbekistan for 2021” dated December 25, 2020, No. 657. One of the priorities for the near future is the task of completing the work on the distribution of powers between public legal entities and creating effective incentives for expanding the own revenue base of local budgets [2].

This necessitates the identification of reserves for the growth of revenues of regional budgets in order to increase the sustainability of the budgets of all levels of the Republic of Uzbekistan and provide the authorities with sufficient financial resources to fulfill their priority socio-economic tasks.

The revenues of budgets of various levels together determine the direction and effectiveness of the state policy of any country, ensuring the proper level of development of the socio-economic sphere, the development of infrastructure, and the expansion of the sphere of business activity of the population [6].

2 Methods

Adopted normative-legal acts to improve the openness of budget data:
- Decree of the President of the Republic of Uzbekistan “On measures to ensure openness of budget data and active participation of citizens in the budget process” No. PP-3917 of 22.08.2018.
- The Decree of the President of the Republic of Uzbekistan “On additional measures to ensure transparency of the activities of state bodies and organizations, as well as effective realization of public control” No. UP-6247 dated 16.06.2021 [3].
- The Decree of the President of the Republic of Uzbekistan “On measures for further expansion of financing of measures formed on the basis of public opinion through the information portal Open budget”. No. PP-5250 of 22.09.2021. [2]

This season I.I. Lyahov, V.N. Dubrovskiy, A.G. Rappoport, V.M. Razina, B.V. Sazonova, it is expressed in the works of O.I. Genisaretsky. Theoretical knowledge and basics G.A. Aitova, N.I. Antonyuka, A.I. Lapin, J.T. Prigogine, Toshchenko, N.G. Kharitonov, as well as T.M. Dridze, Y. A. Kryuchkova. In 2020, Kurbatov V.I. He gave a description of the budget of Uzbekistan, which remains relevant to this day.

3 Results and discussion
Measures taken (Decree of the President of the Republic of Uzbekistan “On measures to ensure openness of budget data and active participation of citizens in the budget process”):

- Since 2019, a mechanism for initiative budgeting has been introduced - the allocation of part of the funds of local budgets to finance events formed based on public opinion.
- Starting from 2020, the State budget and GTF budgets approved by law.
- Drafts of the State budget and GTF budgets, main directions of tax and budgetary policy, as well as reports on the execution of the State budget and GTF budgets are subject to mandatory public discussion before they are sent to the Legislative Chamber of the OliyMajlis;
- Measures have been taken to expand channels for disseminating budget data, as well as to involve the public in active participation in the budget process, to ensure an open dialogue with citizens. Posting budget data on the official website and telegram channel of the Ministry of Finance, organizing thematic seminars and round tables, participation of representatives Ministry of Finance in television and radio broadcasts, preparation of publications in the media [4].

The Law “On the State Budget of the Republic of Uzbekistan for 2020” included an independent chapter on ensuring transparency in the execution of the Consolidated Budget. Thus, ministries and departments, GCF quarterly post information about:

- Distribution of budgetary funds in the context of subordinate budgetary organizations
- Financial reports
- Implementation of projects carried out at the expense of capital investments
- Conducted competitions (tenders) and carried out public procurement.
- The mechanism of initiative budgeting has been expanded

Launch of an updated version of the Open Budget information portal with expanded functionality, including:

- Adaptation of the portal to the process of introducing and selecting activities, formed based on public opinion, proposed for financing from the budgets of districts (cities).
- Wider involvement of the public in the process of initiative budgeting and public voting.
- Implementation of measures to ensure comfortable operation of the portal on all devices (mobile phone, tablet or laptop) [7].

Since May 1, 2021, the practice of publishing the following financial data in the media and the global information network Internet has been introduced:

- Income and expenses of off-budget funds of state bodies.
- Procurement of legal entities with a state share in the authorized capital (authorized capital) of 50 percent or more, as well as legal entities, 50 percent or more of the authorized capital (authorized capital) of which belongs to them.
- Sizes and recipients of state subsidies and grants [9].

Improving the mechanism for allocating budgetary funds for the implementation of measures determined based on public opinion

1. Submission by initiative citizens of applications/projects to improve the district (city) infrastructure.
2. Selection of submitted applications/projects according to the approved criteria.
3. Putting to the public vote applications/projects of enterprising citizens who have passed the selection.
4. Determination of winning applications/projects based on the results of public voting.
5. Public control and monitoring of the implementation of civil initiatives [4].

In order to ensure the openness of the budget process, an information portal “Open Budget” has been developed and launched, which contains detailed information on the execution of the state budget, its parameters, components and forecast indicators. The portal
also provides an opportunity for citizens to determine the directions for the expenditure side of local budgets.

Along with this, on the official pages of the Ministry of Finance, on a daily and monthly basis, data are posted on the revenue and expenditure parts of the state budget, contracts concluded in the public procurement system, as well as reports on funds allocated to ministries and departments allocated under government programs in various directions, respectively. (Fig.1 and Fig. 2 - development of Criteria for evaluation and selection of applications/projects submitted by initiative citizens to improve the district (city) infrastructure).

Starting from 2021, the consolidated State budget reflects public expenditures carried out at the expense of state trust funds and external borrowings, the coverage and transparency of the budget strengthened. Accounting for the overall fiscal balance has been established in accordance with international standards [8].

Initiative groups and individual active citizens prepare proposals (projects) to solve the most pressing problems of their mahallas, districts, cities and submit applications through “The Open Budget” platform, as well as offline (in the absence of Internet access).

Working committee for the selection of applications / proposals / projects

1) selection of proposals (projects) prepared and put forward by groups of initiative citizens and individual active citizens in accordance with approved criteria

2) checking by the internal services of the khokimiyat for their feasibility and compliance with the approved criteria;

3) for applications and projects that have not passed the selection, a corresponding notification is sent with justification of the reasons for refusal (to the email address specified by the applicant)

Fig. 1. Development of Criteria for evaluation and selection of applications submitted by initiative citizens to improve the district (city) infrastructure.
In addition, from 2022, the following types of expenses planned to be financed from local budgets:

- Construction, reconstruction and overhaul of educational institutions, pre-school educational institutions, healthcare institutions, as well as repair and restoration work at facilities as part of measures to improve the ameliorative condition of irrigated lands;
- Repair of territories adjacent to the multi-apartment housing stock, and overhaul of heating networks and boiler equipment of heat supply organizations;
- Free legal services for low-income and needy sections of the population.

The bill also provides that in all districts (cities) 5% of the approved total budget expenditures directed to activities determined based on public opinion [7].

Funding for events based on public opinion has been expanded. The Decree of the President of the Republic of Uzbekistan “On measures further expand the financing of events formed based on public opinion through the information portal OPEN BUDGET”.

- An additional 57.9 billion soums – to districts and cities who is Civil Initiatives Fund has less than 1 billion soums
- An additional 59.5 billion soums – to districts and cities in which over 100 proposals were received through the Open Budget information portal.

From January 1, 2022, 50 percent of the funds allocated for the repair of local internal roads in the parameters of the budgets of districts and cities directed to the repair of internal roads determined based on public opinion through the information portal “Open Budget” [8].

A road map approved further improve the process of initiative budgeting in each mahalla and aul, mobile groups and a “Corner of initiators” are created to assist in the process of making proposals and voting on the information portal “Open Budget”.

4 Conclusion

Therefore, the full implementation of the budget process in accordance with the principle of transparency is just an incredible task. Therefore, when it comes to “transparency”, every
small action contributes to the fact that there are opportunities for control or efficient use of budget funds. At the same time, some of the budget instruments that being introduced only at first glance increase the “transparency” of the budget, but in fact, they can also be a source of corruption.

Thus, despite the fact that budget development is proceeding at a rapid pace, there are still problem areas in the direction of the transparency of the budget process. As a result, it is necessary to compile both legal and economic instruments and methods.

References

1. Registered by the Ministry of Justice of the Republic of Uzbekistan on May 7, 2021 Registration No. 3299