



ACADEMICIA
An International
Multidisciplinary
Research Journal
 (Double Blind Refereed & Peer Reviewed Journal)



DOI: 10.5958/2249-7137.2021.01916.9

ANALYSIS OF THE PRACTICE OF TRANSPARENCY IN BUDGET POLICY IN UZBEKISTAN

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ABSTRACT

The article analyzes the current state of the principle of transparency of budget policy in the country in detail. Opinions of international scholars on ensuring the principle of transparency of budget policy were studied, conclusions were made on ensuring the transparency of budget policy in my country. In particular, the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated October 20, 2018 No 841 "On measures to implement national goals and objectives in the field of sustainable development until 2030" was adopted to set national goals in the framework of sustainable development goals in our country[2]. As a result, public sector finance is seen as a mechanism for transparency, reduction of corruption, public access to budget reports, and more efficient use of budget resources.

KEYWORDS: *Budget, Transparency, Fiscal Policy, Fund, Draft Budget, Budget Transparency, Portal.*

INTRODUCTION

It is known that since the early years of independence of Uzbekistan, creative work has been carried out in all spheres to increase the economic power of our state, the well-being of our people. Thanks to these efforts, today our country has embarked on a path of sustainable economic development, a layer of landowners has emerged, which has led to a steady increase in family income, and the growing prestige of our country in the world community. The basis of these changes is consistent reforms, smooth and sustainable growth of production and services in all sectors and industries of the economy.

Although ensuring budget transparency in many respects involves the provision of information

on the movement of budget funds to the general public, the main factor influencing it is the size of the state budget. Because the data obtained from the budget transparency is mainly quantitative, it is natural that the population is interested in the planning and execution of the state budget, in particular, its revenues and expenditures. International experience also shows that budget efficiency is promoted by the United Nations under the name of "Sustainable Development Goals". Although the goals of the countries are different, the most important ones today are the 17 goals, which include 169 tasks and 244 indicators used to monitor and evaluate their implementation.[1]

In Uzbekistan, all initiatives put forward by the United Nations, including those for sustainable development, have always been supported. In particular, the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated October 20, 2018 No 841 "On measures to implement national goals and objectives in the field of sustainable development until 2030" was adopted to set national goals in the framework of sustainable development goals in our country[2]. According to this decision, the national sustainable development goals have been set in our country, and their total number is 16 and 124 tasks have been selected to achieve them.

References analysis

In the course of the analysis of the literature on the subject, we have seen that a number of leading economists and experts have conducted research on the current state of the principle of transparency in fiscal policy in Uzbekistan, and they include the following. In particular, A.A.Mikhailova, V.V.Klimanov, A.R.Rabadanova studied the impact of openness and transparency of national budgets and other indicators in the field of public administration on the position of countries on the Human Development Index (Human Development Index). Using the econometric apparatus, the significant positive effect of the budget openness indicator on III was revealed[3].

O.I.Timofeeva, Yu.V.Belousov, One of the trends in the development of modern public administration is to increase its transparency, including in the field of public finance management. In international practice, there are mechanisms for assessing the level of transparency of budget data (for example, the budget transparency index calculated by the International Budget Partnership for countries around the world)[4], However, it was noted that many states do not yet exist.

As a result of many years of research by Yu.V.Krivorotko, increasing the openness and transparency of budgets leads to positive changes. As a result, public sector finance is seen as a mechanism for transparency, reduction of corruption, public access to budget reports, and more efficient use of budget resources. He also noted the effectiveness of the formation of resources that can be used to address the most important problems of socio-economic development in a number of sectors of the social sphere[5] and focused on detailing the approaches of transparency in fiscal policy to reveal the impact on the economy.

Research methodology

In our country, economic research methods such as the study of data, data collection, analysis, synthesis, logical thinking, conducted by scientists and economists of the world to increase transparency in budget policy, are widely used.

Main part

The fact that the planning of the state budget is a key part of budget transparency is also mentioned in the "Budget Transparency Index", which is a specific measure of budget transparency at the international level. In particular, questions 1-53 of the 133 questions used in its evaluation include the budget proposal and its consideration[6]. The development of the budget proposal, of course, means the stage of budget planning, and the transparency of this process is especially important in the index methodology.

Therefore, in our opinion, in our analysis, along with the implementation of the state budget, we must pay special attention to its planning.

In turn, budget planning is divided into two major parts, which consists of planning of revenues and expenses. While both are very important, today, in most cases, information on budget execution is more than data on his plans. The reason for this is that the "data disclosure mentality" or plan indicators that have been formed over the years have undergone regular changes.

When planning the budget, its revenue part is related to the income of the population, and the formation of the revenue plan naturally affects the taxes, which are the main part of the budget revenues of the country. And because the population is the main taxpayer, the focus on budget revenue planning actually means focusing on our own future revenues. Therefore, in our opinion, when disclosing the budget, it is necessary to disclose the part of its revenues while it is still planned.

The expenditure part of the state budget has an impact on all aspects of citizens' lives. That is why ensuring its openness is definitely a priority.

In this case, the process of its planning is also important for citizens to see in what areas and for what purposes the budget funds, formed on the basis of taxes paid by them, will be spent.

The interest of the population in budget expenditures can certainly outweigh budget revenues. Because the population is more directly involved in the implementation of these costs than in the formation of income. In our opinion, the participation of the population at the cost planning stage, on the one hand, helps to make the expenditures targeted and efficient, and on the other hand, serves as an information for public control. That is, the public with information on the budget planning phase will have enough information in advance to participate in its future implementation.

Therefore, in our opinion, the above data substantiate the importance of disclosure of information on the budget planning stage in ensuring budget transparency.

In view of the above, we consider it appropriate to begin our analysis with the analysis of the state budget, ie the planning and execution of its revenues and expenditures, as well as the analysis of differences in plans and performance (surplus or deficit).

TABLE 1 ANALYSIS OF THE RESULTS OF STATE BUDGET PLANNING AND ITS IMPLEMENTATION¹ [7]

(*TRLN. SUM*)

Indicators	2016	2017	2018	2019	2020
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Budget revenues					
Plan	40,8	48,5	62,5	102,6	128,7
Execution	41,0	49,7	79,1	112,2	132,9
Difference (execution plan)	0,2	1,2	16,6	9,5	4,2
Budget costs					
Plan	41,4	49,1	74,0	113,5	144,2
Execution	40,9	49,3	79,7	118,0	144,1
Difference (execution plan)	-0,5	0,3	5,7	4,5	-0,04
Budget execution (surplus (+); deficit (-))					
Plan	-0,6	-0,6	-11,5	-10,9	-15,4
Execution	0,1	0,3	-0,6	-5,8	-11,2

By analyzing the data in Table 1, the following conclusions can be drawn on the planning (forecasting) of budget revenues and its implementation:

- During 2016-2020, the state budget revenues were executed in excess of the regular plan. In particular, in 2018, the plan of budget revenues was set at 62.5 trillion soums, but its implementation reached 79.1 trillion soums, which is 16.6 trillion soums more than planned. The positive difference between the revenue plan and its implementation in 2020 amounted to 4.2 trillion soums. While such a surplus of the budget revenue plan is gratifying on the one hand, it raises many questions about the effectiveness of planning on the other;

- the plan and execution of state budget revenues in 2020 compared to 2016 increased by 3.1 and 3.2 times, respectively. Such an increase in budget revenues, of course, necessitates the disclosure of information on its main sources. In this regard, the increase in budget revenues can be assessed primarily as a result of reforms in tax policy. The following conclusions can be drawn by analyzing the data on planning and execution of budget expenditures presented in Table 1:

- The expenditure plan of the state budget for 2020 and its implementation increased by 3.5 times compared to 2016. This indicates a sharp increase in budget expenditures in 2016-2020. If we look at the changes in the plan and execution of budget expenditures in 2016 compared to 2019, taking into account the increase in budget expenditures due to the pandemic, which began in 2020 and continues to this day, we can see that this plan increased by 2.7 times and 2.8 times in execution. From this you can conclude that there is a steady increase in budget expenditures. In this context, we believe that the need to disclose information on budget expenditures will be higher than ever;

- Execution of budget expenditures in 2016-2020 has in many cases exceeded its plan. This means that budget expenditure data is constantly changing. In particular, in 2018, the budget expenditure plan was set at 74.0 trillion soums, but its implementation reached 79.7 trillion soums, which is 5.7 trillion soums more than planned. In 2020, the expenditure plan amounted to 144.2 trillion soums, its implementation amounted to 144.1 trillion soums, which is 44.0 billion soums less than planned. However, the amount of expenditure differs sharply in planning and

execution relative to budget revenues.

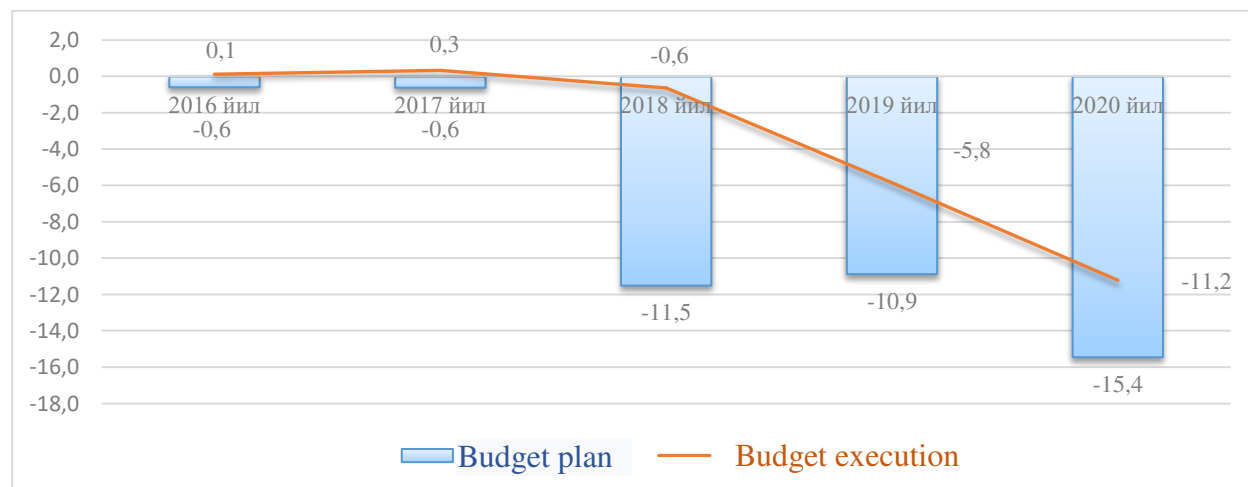


Figure 1. Differences in the plan and execution of the revenue and expenditure part of the state budget for 2016-2020²

In particular, the analysis of the budget execution (surplus (+); deficit (-)) part of Table 1 shows that the planned amount of budget revenues in 2016-2020 was lower than the budget expenditure plan, which means that the budget was planned with a deficit.

In particular, we can see from Figure 1 that the deficit in the plan of revenues and expenditures of the state budget amounted to 0,6 trillion soums in 2016, 0,6 trillion soums in 2017, 11,5 trillion soums in 2018 and 10,9 trillion soums in 2019. trillion soums, and in 2020 - 15.4 trillion soums.

TABLE 2 FORECAST OF STATE BUDGET REVENUES AND ANALYSIS OF ITS IMPLEMENTATION, (BLN.SOUMS)

№	Indicators	Years				
		2016	2017	2018	2019	2020
1	Direct taxes					
	Forecast	9839,3	11365,1	12808,3	27206,8	42161,2
	Execution	9852,8	11539,4	15656,2	31676,8	45206,9
	<i>Difference (execution-forecast)</i>	13,5	174,3	2847,9	4470,0	3045,7
2	Indirect taxes					
	Forecast	21063,1	25724,9	34132,1	45951,1	45348
	Execution	21130,7	26133,2	41280,4	46428,5	46428,4
	<i>Difference (execution-forecast)</i>	67,6	408,3	7148,3	477,4	1080,4
3	Resource fees and property taxes					
	Forecast	5286,7	6457,4	9736,9	17841,3	20386,9
	Execution	5306,3	6867,4	12663,4	19680,8	21256,9
	<i>Difference (execution-forecast)</i>	19,6	410,0	2926,5	1839,5	870,0
4	Other income					
	Forecast	4621,0	4928,6	5822,7	11628,5	20849,6

Execution	4753,7	5141,0	9499,0	14379,3	20045,8
<i>Difference (execution-forecast)</i>	132,7	212,4	3676,3	2750,8	-803,8

Execution of the revenue and expenditure side of the state budget ended in 2016-2017 with a surplus, but in 2018 it ended with a deficit of 0,6 trillion soums, in 2019 - 5.8 trillion soums, and in 2020 – 11,2 trillion soums.

Covering the budget deficit, in turn, will increase public debt, which is a special way to further increase budget transparency.

Such differences in budget plans and their implementation necessitate a separate in-depth analysis of its revenue and expenditure side.

We can also see that the execution of budget revenues exceeds its plan in terms of types of revenues through the data in Table 2.

By analyzing the data in Table 2, we can draw the following conclusions:

- state budget revenues tend to grow steadily unevenly in terms of its composition. In particular, direct tax revenues in 2016 amounted to 9.8 trillion soums or 24,0% of total budget revenues, while by 2020 it will be 45.2 trillion soums or 34,0% of total budget revenues. If we look at the main reason for this, we can see that the corporate income tax has increased sharply³.

If we analyze the implementation of the plan of direct taxes, in 2016 the execution was 13.5 billion soums more than planned, and by 2020 this figure will reach 3.0 trillion soums;

- Although the changes in indirect taxes in Table 2 are increasing in quantity, the share of these types of taxes in total state budget revenues is declining.

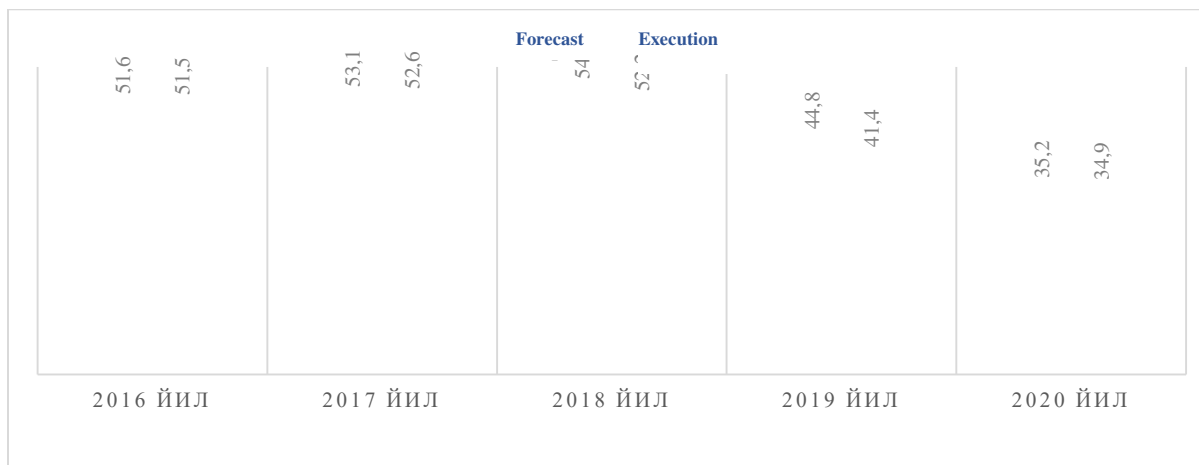


Figure 2. The share of indirect taxes in total state budget revenues⁴

If we look at the data in Figure 2, the share of indirect taxes in total state budget revenues is declining, from 51.0% in 2016 to 35.0% by 2020. In 2018, the share of these taxes in the total state budget revenues was the highest, with a forecast of 54.6% and an execution of 52.2%;

-The amount of resource fees and property taxes shown in Table 2 also has a steady upward trend. In particular, the forecast of resource payments and property taxes in 2016 amounted to 5.2 trillion soums, and by 2020 it will increase by almost 3.9 times to 20.4 trillion soums. By

2020, the performance will increase by 4 times compared to 2016 and amounted to 21.3 trillion soums. Therefore, in 2020 alone, 870.0 billion soums more than the forecast was transferred to the budget from these taxes.

- in other incomes we can observe the same trend, an increase in quantity. However, we can see that in these revenues the forecast for 2020 was not fulfilled, which is less than 803.0 billion soums.

In general, 2018 was the first turning point in terms of state budget revenues, while the year 2020 had a significant impact on the structure of revenues and their share with the adoption of mandatory measures due to the pandemic. At the same time, in accordance with the Resolution of the President of the Republic of Uzbekistan dated August 10, 2017 No. PP-5147 "On measures to radically improve the activities of the Accounts Chamber of the Republic of Uzbekistan", the Accounts Chamber Integrity Inspection". Due to the activities of this structure, additional sources of budget revenues have been identified and collected in the budget, leading to an increase in budget revenues in the period after 2018.

We can also say that the new version of the Tax Code, adopted on December 30, 2019, has led to significant changes in the structure of budget revenues. As a result, the volume of taxpayers also increased sharply, and tax rates were reduced.

That is why it is important to inform the population about such changes in ensuring budget transparency. This not only provides information on the taxation of their income through tax reforms and procedures, but also is very important in increasing the economic activity of the population. Because it is natural for a person who wants to do any business to be interested in taxes in the first place.

Changes in budget revenues are also important because they are a source of budget expenditures. That is, the implementation of budget expenditures certainly depends on the receipt of budget revenues. Execution of budget expenditures is ensured through the implementation of budget revenue plans.

TABLE 3 STATE BUDGET EXPENDITURE PLAN AND ANALYSIS OF ITS IMPLEMENTATION⁵, BLN. SOUMS

№	Indicators	Years				
		2016	2017	2018	2019	2020
1	Social costs					
	Forecast	24279,2	27204,9	41014,3	62074,4	75120,8
	Execution	24112,6	27235,3	42676,7	63580,3	74279,3
	<i>Difference (execution-forecast)</i>	-166,6	30,4	1662,4	1505,8	-841,5
2	Costs of the economy					
	Forecast	4365,8	5237,2	7416,4	17746,3	16378,0
	Execution	4319,5	5280,7	7637,8	18481,0	16692,8
	<i>Difference (execution-forecast)</i>	-46,3	43,5	221,4	734,7	314,8
3	Costs of financing centralized investments					
	Forecast	2147,5	3119,9	4404,8	5630,2	18539,8

	Execution	2089,1	3234,7	5400,4	7048,5	18843,7
	<i>Difference (execution-forecast)</i>	-58,4	114,9	995,6	1418,3	303,9
4	Expenditures on maintenance of public authorities, administration, justice, prosecutor office and judiciary					
	Forecast	1359,9	1850,2	2755,0	4813,2	7380,3
	Execution	1363,4	1931,1	3275,4	5319,3	7826,4
	<i>Difference (execution-forecast)</i>	3,5	80,9	520,4	506,1	446,1
5	Expenditures on maintenance of citizens' self-government bodies					
	Forecast	460,3	508,0	611,5	695,6	815,0
	Execution	459,1	498,6	603,5	701,0	816,6
	<i>Difference (execution-forecast)</i>	-1,2	-9,4	-7,9	5,4	1,6
6	Reserve funds					
	Forecast	120,0	323,0	733,4	1023,0	1650,0
	Execution	101,8	312,2	604,2	985,4	1506,2
	<i>Difference (execution-forecast)</i>	-18,2	-10,8	-129,2	-37,6	-143,8
7	Others					
	Forecast	8667,3	10846,8	17064,7	21517,3	24303,0
	Execution	8465,7	10851,1	19538,2	21893,3	23360,1
	<i>Difference (execution-forecast)</i>	-201,6	4,3	2473,5	376,0	-942,9

Budget expenditures are a key category in budget transparency, as noted above. Although the practice of disclosing budget expenditure data has varied over time, it has largely meant disclosing quantitative data.

It should be noted that in our country, starting from 2018, the Ministry of Finance has been publishing the publication "Budget for Citizens" on the draft budget and its implementation.

At the same time, the Ministry of Finance has launched openbudget.uz - an open budget portal, which today provides access to information on budget expenditures by budget organizations.

From the data in Table 3, we can see that the budget expenditure plan and execution had unstable changes. In particular, the expenditures for the maintenance of public authorities, administration, justice, the prosecutor's office and the judiciary in 2016-2020 were consistently exceeded compared to the plan, while the plan of reserve funds was not implemented during these years.

In general, we can draw the following conclusions from the data in this table:

- The budget expenditures are directed to social spending. In particular, in 2016, the implementation of the social spending plan amounted to 24.3 trillion soums, and by 2020, this figure was 75.1 trillion soums and 74.3 trillion soums, respectively. It can be seen that the social spending plan in 2020 increased by 309% compared to 2016 and by 308%.

The fact that the amount of social spending is growing, but the amount of total budget expenditures is also increasing, makes it necessary to analyze its share in total budget expenditures.

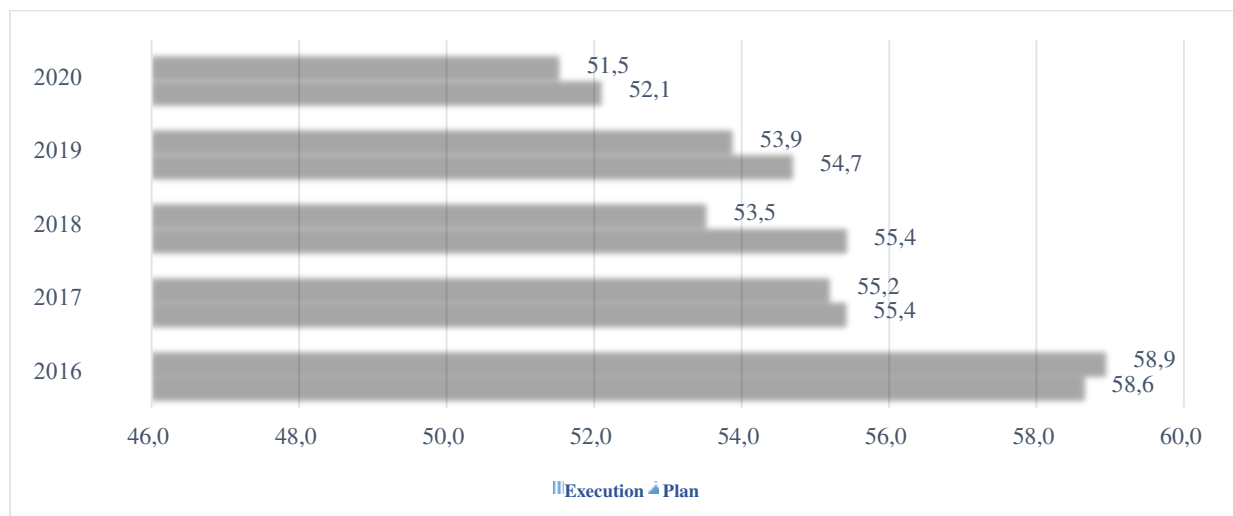


Figure 3. Dynamics of the share of social expenditure plan and execution in the general state budget expenditure plan and execution⁶

As can be seen from Figure 3, the share of social spending plans and execution in the overall state budget expenditure plan and execution tends to decline. In particular, in 2016, the share of social expenditure plans and execution in the total state budget expenditure plan and execution was in the range of about 58-59%, while in 2020 this figure will be in the range of 51-53%. This may be due to an increase in the share of other costs, such as the health care system, due to the pandemic in 2020. Therefore, if we turn our attention to 2019, we can see that the share of social spending plan and execution in the total state budget expenditure plan and execution was 54.7 and 53.9 percent, respectively. This indicates that the share of social sector expenditure plan and execution in the overall state budget expenditure plan and execution is declining; If we pay attention to the execution of the budget expenditure plan, we can see various changes. In particular, the plan was implemented in 2016 only in the expenditures of public authorities, administration, justice, prosecutor's office and the judiciary with more than 3.5 billion soums, while by 2020 the plan of social expenditures, reserve funds and other expenditures was not implemented;

- If we analyze the types of expenditures that have experienced a sharp increase in quantity in the period 2016-2020, we can include in the structure of such expenditures the cost of financing reserve funds and centralized investments.

Expenditures of reserve funds in 2020 compared to 2016 increased by 13.7 times in the plan and 14.8 times in execution. The main reason for this is the increase in the cost of reserve funds in the Republic of Karakalpakstan, regions and the city of Tashkent from 2018, and the formation of a reserve fund in each of their districts and cities.

The cost of financing centralized investments, on the other hand, increased sharply in 2020, mainly due to the fact that many facilities were built due to the pandemic;

- In the period from 2016 to 2020, we can point to the costs of maintaining the self-governing bodies of citizens, as well as other costs, as the areas of expenditure that have seen a slower growth than other expenditures in terms of quantity. Expenditures for the maintenance of citizens' self-government bodies in 2020 compared to 2016 increased by 1.7 times, and the implementation by 1.7 times.

Other expenses in 2020 compared to 2016 increased by 2.8 times in the plan and 2.7 times in execution.

CONCLUSION

In general, such an increase in the plan and execution of budget expenditures will certainly increase the urgency of its disclosure. Because the main stakeholders in the increase in budget expenditures are, of course, citizens. Therefore, it is necessary to disclose as much as possible the cost directions, such as the undefined reserve fund or other expenses included in the category of non-disclosure, when planning the directions of use in the cost directions.

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