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PROBLEMS WITH BUDGET TRANSPARENCY IN UZBEKISTAN

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Abstract: The article examines the problems associated with ensuring budget transparency in the country. The views of international and local scientists on the subject are analyzed. A number of factors related to ensuring budget transparency in our country have been analyzed. Problems related to ensuring budget transparency in Uzbekistan and suggestions and conclusions on their solution are given.

Keywords: Budget, open budget, financial competence, transparency, fiscal policy, fund, draft budget, budget process, portal.

Introduction

At present, it is important to ensure the financial stability of the economy in our country. Ensuring high efficiency of the state financial control system and efficient use of financial resources are important issues in ensuring financial stability. As noted by President Sh.Mirziyoyev, "Our main priority is to further strengthen macroeconomic stability and maintain high rates of economic growth, including the balanced state budget at all levels, the stability of the national currency and prices in the domestic market." [1].

Problems related to ensuring budget transparency in Uzbekistan are in many respects fundamental, and some of their factors may not be formed yet. As we noted in our research, budget openness and transparency have relatively new trends, which highlights the need for this category to be fully featured. Although Uzbekistan is already working on budget openness and transparency, we believe that some of the difficulties that arise require further

expansion of reforms in this area.

In our view, some of the issues related to budget openness and transparency can be systematized as follows:

- Lack or lack of research in the field;
- low level of financial literacy of the population;
- Long-term and short-term problems are not systematized;
- Incomplete compliance with technical requirements.

Lack or lack of research in the field of budget openness and transparency in Uzbekistan. The emergence of this trend can be explained primarily by the fact that the category of budget transparency has a short history.

References analysis

In the analysis of the literature on the subject, we have seen that a number of leading economists and experts have conducted research on the problems of ensuring budget

transparency in Uzbekistan, and they include the following. In particular, the researcher M. Obilov manages to form some scientific conclusions about the financial literacy of the population [2]. According to him, “Financial literacy of the population is an important condition for ensuring sustainable socio-economic development of the country, high growth rates, active entrepreneurship and full employment. The higher the level of financial literacy of the population, the higher the level of stability and prosperity, first of all, the individual, the region in which he lives, and the whole national economy..

O.Dusmuhamedov also emphasizes the need to first assess the financial literacy of the population[3]. It is noted that this will provide an opportunity to identify existing problems in increasing financial literacy. In assessing the level of financial literacy is divided into categories "financial literacy" and "financial competence". This serves to assess how high the fundamental and professional financial decision-making process will be. Vynnychenko Nataliia Vladimirovna in their scientific work, modern approaches to defining the essence of “transparency” are discussed. Investigate its role in budget management and identify budget transparency[4].

In the general sense transparency is traditionally considered at the entity level of the real and financial sectors, branches and spheres of the financial system or the state in general, that is this term has certain levels of use (macro and micro). Generalization of theoretical views concerning the interpretation of transparency at the micro level allows to state that the majority of scientific papers have no signs of consistency. Thus, by the foreign scientists[5]

transparency is interpreted as the accessibility and comprehensibility level of information to potential investors and other market participants N.Zachosova and D.Kutsenko[6] noted that transparency is a characteristic of openness of a company, achieved by disclosing information about the organizational structure, risk management peculiarities and results of its activities. However, these approaches, in our opinion, mostly characterize transparency of public information Finance, money circulation and credit disclosure about the structure of the company and its financial position and focused on disclosing their approaches.

Research methodology

In our country, economic research methods are widely used, such as the study of data, data collection, analysis, synthesis, logical thinking, conducted by scientists and economists from around the world on the problems of ensuring budget transparency.

Main part

It is worth noting that in Uzbekistan, the adoption of legal and regulatory documents on budget openness and transparency began in 2018¹.

In our opinion, the lack of scientific research on budget openness and transparency in the Uzbek language may create some difficulties in the organization of the process. Therefore, we believe that the establishment of a clear line between the views on budget openness and transparency in the first place will serve the

¹ 2018 йил 22 августда ПҚ-3917-сонли “Бюджет маълумотларининг очиклигини ва бюджет жараёнида фуқароларнинг фаол иштирокини таъминлаш чоратадбирлари тўғрисида” қарор қабул қилинди.

popular significance of budget policy.

The results of the search also show that scientific approaches to budget transparency are

relatively low. Even in their existence, no scientific discussion and conclusions have been formed(see Figure 1).

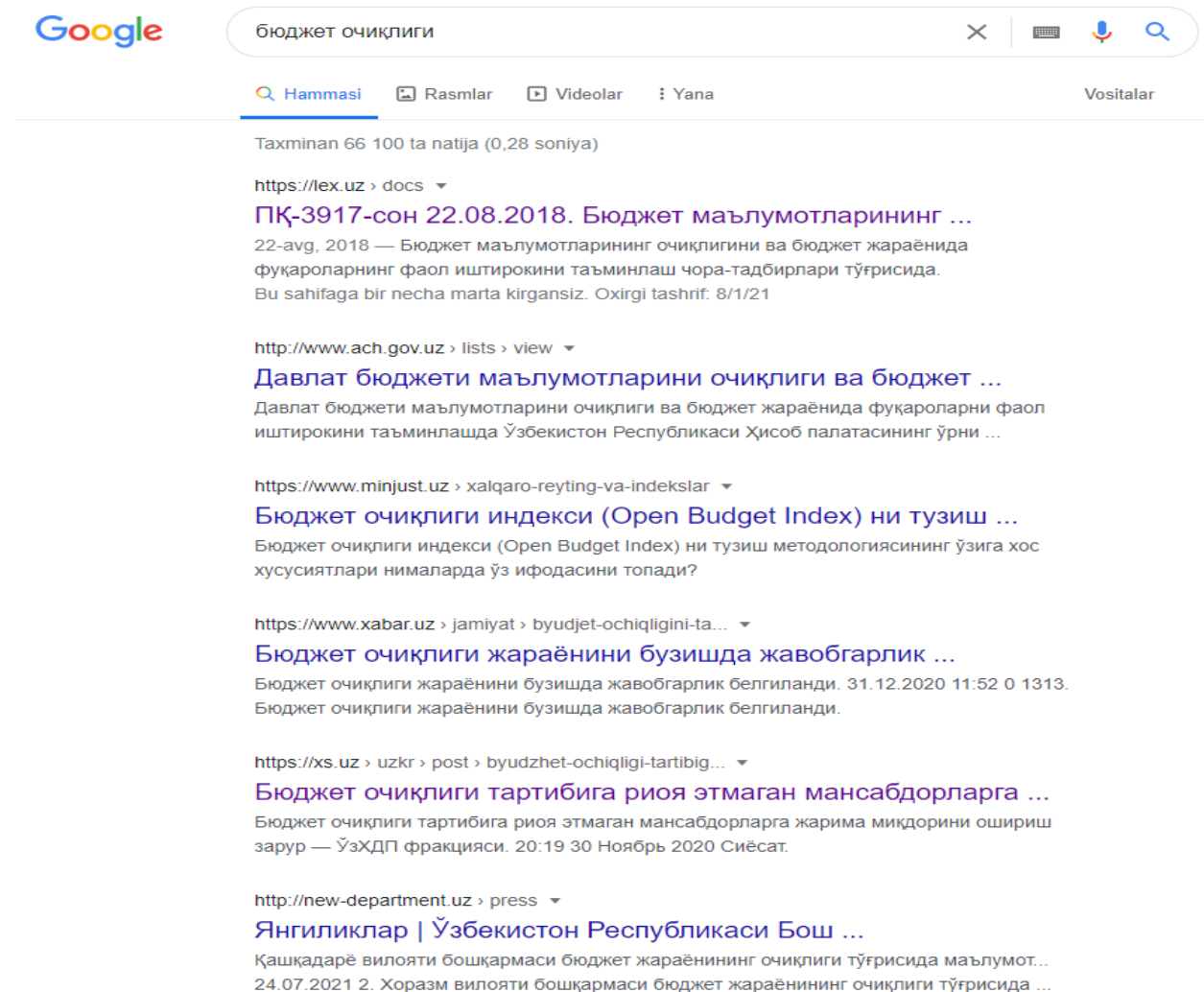


Figure 1. Global search results of the economic category "Budget Transparency" (as of August 1, 2021)²

² Recorded by the researcher

As of August 1, 2021, if we search for the category "Budget Transparency" in the Uzbek language in the Internet search engine (www.google.com), it will be difficult to find any research that reflects the scientific conclusions. This does not allow for full coverage of ongoing reforms in terms of budget openness and transparency.

As noted in the previous paragraphs of our study, budget openness and budget transparency are not synonymous economic categories. Some of the data in Figure 1 above can be traced to the analysis of information on transparency in relation to budget transparency. This leads to the hypothesis that there are aspects of bipolarity or misunderstanding in scientific and theoretical views.

Significantly, the Resolution of the President of the Republic of Uzbekistan dated August 22, 2018 No PP-3917 "On measures to ensure transparency of budget information and active participation of citizens in the budget process"

provides for the establishment of "Department of State Financial Statistics and Budget Transparency" within the Ministry of Finance. In our opinion, it is expedient to implement budget openness and transparency on separate websites, which are listed on the web portal <https://openbudget.uz/>, created by this decision. In particular, although there is a connection between them, the results of informing the population about budget policy are different.

In general, it can be concluded scientifically that budget transparency consists of the sum of both categories. In particular, although there is a connection between them, the results of informing the population about budget policy are different. In particular, we believe that the practice of budget transparency and citizen participation in the budget process helps to fully express budget transparency (see Figure 2). As a result, conditions are created for the clear expression of the category of budget transparency and the further development of the changes associated with it.

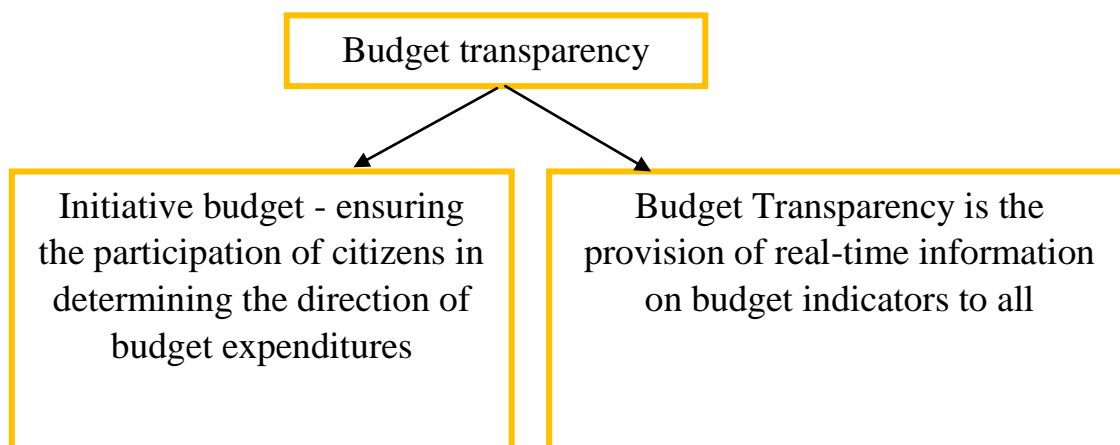


Figure 2. The basis of scientific and theoretical formation of budget transparency³

³ Formed by the researcher

It can be said that the reason for the lack of reforms in the formation of budget transparency by splitting it in two is that it is not formed on the basis of scientific research. We believe that the incomplete formation of economic categories related to ensuring budget transparency in our country is due to the following factors:

- There is a shortage of research in the field of budget policy due to limited access to budget indicators;
- The centralized implementation of fiscal policy did not imply the need to develop scientific recommendations for it;
- Lack of good intentions, such as reforms aimed at ensuring budget transparency, ensuring the consent of the people;
- We believe that this can be explained by the fact that insufficient attention is paid to the full level of public confidence in fiscal policy.

It should be noted that with the beginning of comprehensive reforms aimed at ensuring budget transparency, there are problems with the need to ensure its full implementation. This reflected the systemic nature of the problem of budget transparency.

Another fundamental problem associated with ensuring budget transparency is the level of financial literacy of the population. The fact that the level of financial literacy of the population has been covered by the spirit of insecurity over the years has formed a system of misunderstandings about economic categories. In order to achieve the goal of fiscal policy, the definition of reforms in plain language and its conscious acceptance by the population is in many respects closely linked to the level of financial literacy.

In addition, the level of financial literacy of

the authorized representatives of the institutions receiving budget funds also affects the efficiency of the use of budget funds. An example of this is some of the information that has appeared on social networks and news portals. For example, only on the news site www.kun.uz on July 9, 2021 in the article "It was revealed that 313.6 million soums were looted in the Termez district medical association"⁴ it can be seen that the funds allocated for medical services were stolen."

In the report submitted by the Accounts Chamber on the expenditure of budget funds for 2020 in the Legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan, a total of 671.3 billion soums were allocated. Soums worth of illegal expenditures, deficits and misappropriations were revealed⁵.

According to the report, "192.2 billion soums were allocated in the institutions of the Ministry of Public Education. UZS 21 bln was allocated from the Fund for Support of Public Education Reforms. Special attention was paid to inefficient expenditures in the amount of UZS. As an example, 420 mln. It was noted that there was no construction at all in the branch of school No. 58, which was built and put into operation for UZS 1 billion. During the discussions, the deputies drew attention to the existence of problems in the projects funded by international financial institutions, as well as their causes. In particular, the state attracted 12.6 billion soums worth of foreign loans in 2010-2019. It was noted that 24 out of 81 projects in US dollars had errors and omissions.

It should be noted that a significant part of the

⁴<https://kun.uz/news/2021/07/09/termiz-tuman-tibbiyot-birlashmasida-3136-million-som-talon-toroj-qilingani-aniqlandi>

⁵<https://parliament.gov.uz/uz/events/chamber/34158/>

shortcomings in the effective use of budget funds is related to financial literacy. It should be noted that the Accounts Chamber of the Republic of Uzbekistan noted that budget expenditures were spent in such categories as "financial error", "inefficient".

In our opinion, the existence of such cases can be attributed to the fact that the authorized representatives (managers) do not adequately understand the budget legislation or do not pay attention to the legal framework in making financial decisions. We believe that regular monitoring of the level of financial literacy, strengthening the skills of authorized persons in financial decision-making should be systematic.

The form of financial literacy among other individuals is assessed by the level of economic knowledge of the population. In our opinion, the level of financial literacy of the population is a minimum requirement - it is characterized by the financial rights and obligations of citizens. This reflects the participation of the population in activities related to fiscal policy.

In our opinion, the financial obligations of the population include cases related to the knowledge of tax legislation. For example, timely payment of property and land taxes of individuals. It can also be observed that some professionals do not have a basic knowledge of the income taxes they pay on their salaries. The main reason for this is the cold attitude of citizens towards their financial obligations.

It is important to increase the level of financial literacy of the population, taking into account its fundamental requirements. In this regard, it requires the systematic implementation of financial obligations and rights.

– In general, the level of literacy of the population related to financial obligations can be

summarized as follows: lack of interest in economic knowledge in managing the financial activities of himself or his family and relying on financial decisions in most cases using "artificial" methods;

– citizens are not fully aware of the fact that their income is divided into groups according to the law and which of them is taxable or not;

– Lack of understanding of the differences between taxes and payments for certain utilities;

- We think that these include cases where taxes are a mandatory payment and it does not know that it will not be returned directly to the payer.

In our opinion, the level of literacy on financial obligations serves to form budget revenues and create a sufficiently positive situation among the population.

Literacy related to financial rights is created by ensuring the participation of citizens in the process of directing budget expenditures.

In our opinion, the creation of conditions for the participation of the population in ensuring budget transparency is closely linked with the exercise of their financial rights. Therefore, it is important to reflect in the financial literacy of the population what share of budget funds and from what sources the amount of funding is directed to the initiative budget.

One of the main reasons for the negative perception of budget policy by the population is the lack of proper assessment of fiscal policy by citizens. The reason is that the competent authority implementing the budget policy wants the various opinions expressed by the citizens to be correct in relation to the budget policy. The level of financial literacy of citizens plays an important role in this.

It should be noted that since 2018, a web portal (<https://openbudget.uz/>) aimed at ensuring budget transparency has been operating in the country. On this portal, citizens have the opportunity to set costs in the amount of budget funds or extra-budgetary funds within their territories. But there are cases on this portal that require initiative and basic financial knowledge by citizens. Therefore, it is expedient to accelerate a number of activities to increase the financial literacy of citizens.

– In general, we believe that the following factors have contributed to the fact that the level of financial literacy of the population is not at the required level:

– Lack of public guidelines for the formation of basic financial knowledge;

– The existence of the old view that economic knowledge should be known only to economists;

– The role of the population in financial decisions in the spending of budget funds is important, this situation should be considered as an obligation, not a duty;

It is possible to enumerate such aspects as the preservation of the opinion that the opinion of citizens is not taken into account in the use of budget funds.

As an example, some of the views expressed by citizens on public debt on social networks can be cited. As a result of the reforms implemented in recent years, financial figures on public debt have appeared on the Internet.

In fact, it will take a long time to explain to the general public that public debt is a positive category, that countries use the process of attracting public debt in the implementation of macroeconomic policy. This could lead to other

current problems following the low level of financial literacy.

Another problem related to ensuring budget transparency is the low level of coverage with the global network. It is known that the Internet is the main tool for ensuring budget transparency in the world. The following advantages of using the Internet can be noted:

– Low costs for the transmission of budget information and no costs for paper products;

– can receive and view data in real time;

– Distance does not matter at all.

It is obvious that the use of the Internet in ensuring budget transparency has its advantages. Therefore, we believe that the increase in Internet coverage has a fundamental role in ensuring budget transparency. On the contrary, the incomplete provision of the internet network causes some problems. As a result, the level of public access to budget transparency reforms will not be satisfactory.

If we look at the international analysis, we can see that the speed of the Internet in Uzbekistan has improved⁶. As of June 2021, internet speed was recorded at 118th place on mobile devices, an increase of 2 points compared to the previous period of the report. The speed of the Internet provided by landline devices increased by 1 point to 90th place. Internet speeds are 18.39 and 44.36 mbs, respectively. The development of this trend reflects the level of implementation of processes such as viewing, receiving and processing data over the Internet. It is noteworthy that Uzbekistan is one of the countries with the lowest prices for Internet services. It is noteworthy that Uzbekistan is one of the countries with the lowest prices for

⁶ <https://www.speedtest.net/global-index>

Internet services⁷.

It is noteworthy that Uzbekistan is one of the countries with the lowest prices for Internet services⁸. For example, this figure is 83 and 88 percent in Russia and the United States, respectively. It also accounts for 79 percent in Europe and Central Asia (excluding high-income countries).

In our opinion, the level of Internet coverage is lower than some of our trading partners. This can lead to some obstacles in ensuring budget transparency. As a result, cases such as disclosure of budget information and participation of citizens in the budget process are not fully ensured.

In general, along with the speed of the Internet and its coverage, the cost of the service also has a significant impact on the level of its use. Therefore, in systematizing and overcoming the problems of obtaining coverage with Internet services, it is important to pay attention to the following aspects:

Internet coverage;

Speed of the Internet in mobile and landline channels;

The cost of the internet package for individual and family use at home for a month and how it is shaped according to the purchasing power of the population.

Conclusion

In summary, it is important to systematize certain problems and develop scientific recommendations to address them to ensure

⁷ <https://www.atlasandboots.com/remote-work/countries-with-the-cheapest-internet-world/>

⁸ <https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=UZ>

budget transparency. Based on the research, we can list some aspects of the problem below:

- Lack of scientific approaches to budget transparency and the lack of clear scientific and theoretical approaches to this category;
- Insufficient level of financial literacy of the population. Financial literacy for individuals - in terms of legal entities and individuals, as well as the lack of the required criteria at the primary and professional levels;
- Uninterrupted internet connection to provide uninterrupted budget indicators. It is necessary to take into account the level of power supply.

Ensuring public confidence in budget policy and active participation in ensuring budget transparency remains an important condition for increasing cost efficiency.

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