



Research Article

ENSURING CITIZENS' ACCESS TO THE BUDGET AS AN EFFICIENT MEANS OF COMMUNICATION WITH THE STATE

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ABSTRACT

Using the example of the “Budget for Citizens” project in Uzbekistan, the author attempted to demonstrate how the executive authorities, specialists, and experts involved in the implementation of projects of openness and transparency for the people through the lens of the SDGs, as well as the national goals and objectives in the field of sustainable development until 2030. In addition, the author makes proposals to improve the budget process.

KEYWORDS

Budget for citizens, financial literacy, citizens, sustainable development goals, open government, participatory budgeting

INTRODUCTION

No matter the form of government, the political system, or the state's functions, the state has always operated as a guarantee for the stability and welfare of

the populace, albeit it is important to distinguish between the functions of the state and the functions of state bodies. In order to achieve the principal

objective - the sustainable development of the state, the functions of state bodies should be subordinated to the main functions of the state. So, in accordance with Section 2 of Presidential Decree No. PD-3358 of December 9, 2003, one of the primary responsibilities and duties of the governmental bodies is ensuring and protection of:

- ✓ The constitutional rights and freedoms of a person,
- ✓ The rights of the population to education, health care,
- ✓ Social security,
- ✓ Regulation of the labor market,
- ✓ Management and coordination of social management system activities on a national scale¹.

The state is implementing a pragmatic policy by gradually increasing its (forces') capability and resources in order to unconditionally ensure human rights and interests, improve the welfare of the people, transform economic sectors, develop entrepreneurship, and form an active civil society based on the principle **“In the name of the honor and dignity of man”**.

For new Uzbekistan, the improvement of state and social construction, ensuring the rule of law and strengthening guarantees for the protection of the rights and freedoms of citizens, the development and liberalization of sectors of the economy and the social sphere, ensuring security, interethnic harmony and religious tolerance, and implementing a balanced, mutually beneficial, and constructive foreign policy are among the top priority goals, on the swift accomplishment of which the the welfare of the entire population depends. These goals were outlined in the Concept of Administrative Reform of the Republic of

Uzbekistan, which was adopted by Presidential Decree No. PD-5185 on September 8, 2016.

The achievement of the intended goals is ultimately hampered by excessive bureaucracy and various manifestations of corruption, which result from inadequate openness and transparency in the activities of executive authorities and weak public control mechanisms. In this regard, ensuring transparency and legality in public administration is one of the priorities.

Thus, the State Program was also adopted in accordance with the provisions of the Strategy for its implementation in the “Year of Ensuring Human Interests and Development of the Mahalla” by presidential decree dated January 28, 2022 No. PD-60, which approved the “Development Strategy of New Uzbekistan for 2022-2026” (hereinafter referred to as the Strategy), consisting of 100 main goals.

Over the following five years, the Strategy's current objectives will be accomplished. **Goal 21** merits the most attention, in our opinion, out of all the priority goals for enhancing the socioeconomic sector of the state: By maintaining continuously strong growth rates across all economic sectors, the gross domestic product per capita will expand by 1.6 times over the next five years, reaching **4,000 US dollars per person by 2030** and setting the country up to qualify as a **“upper middle income country”**.

Goal 21:

Ensuring macroeconomic stability and gradually bringing down the annual inflation rate to 5% by 2023;

¹ Decree of the President of the Republic of Uzbekistan “On improving the system of republican government bodies”

dated December 9, 2003 No. PD-3358 // <https://lex.uz/docs/173166> (06/29/2022)

Reducing the State budget deficit and guaranteeing that it will be no larger than 3% of GDP by 2023;

Allocating at least 5% of each district's budget to solving the most urgent issues identified based on suggestions from the populace within the framework of the **Budget for Citizens** program;

Effective management of public debt while maintaining the amount of newly attracted external debt at a level not exceeding 4.5 billion US dollars per year.

Although the ambitious plans of the state are not simple to carry out, extensive steps are being done at the state level. It should be noted that since 2019, a mechanism for the participation of citizens in the distribution of budget funds has been introduced, providing for the direction of at least 10 percent of additional sources of budgets of districts (cities) for financing events based on public opinion. This was done even before the Strategy of New Uzbekistan was approved (by the Decree of the President of the Republic of Uzbekistan dated August 22, 2018 No. PD-3917).

The effective operation of the public administration system, which is capable of ensuring the full implementation of ongoing reforms, adopted regulations, and government programs, as well as the prompt identification and effective solution of the problem of socio-political and socio-economic development, is thus one of the most crucial prerequisites for achieving these goals.

The National Sustainable Development Goals and Objectives until 2030, which comprise 17 goals, and the Action Plan for the Effective Achievement of National Sustainable Development Goals and Objectives in 2022-2026, which consists of 26 points for Consistent Implementation, were also approved by the Cabinet of Ministers on February 21, 2022.²

All nations, from the most developed to the least developed, are encouraged to take action by the Sustainable Development Goals (SDGs). Nations all around the world understand that attempts to combat poverty must coexist with initiatives to spur economic growth, address a number of concerns related to social protection, employment, and education, as well as efforts to fight climate change and save the environment³.

For instance, SDG 11 can be used to frame how the Budget for Citizens program is seen (Ensuring openness, security, resilience and environmental sustainability of cities and towns).

The adoption of suitable measures, particularly in regard to fiscal policy, wage and social protection issues, is a target of the national goals and objectives for sustainable development in target 10.4 in order to gradually achieve more equality.

In this direction, systematic steps are being taken to raise the standard of living of the populace. State institutions and the mahalla institution, which is unique in the world, play a special role in eradicating poverty and achieving SDG indicators, but it should be noted that few people have excellent skills in finance and the use of digital technologies.

² Decree of the Cabinet of Ministers “On additional measures to accelerate the implementation of the National Goals and

Objectives in the field of sustainable development for the period until 2030” <https://lex.uz/docs/5870397> (07/06/2022)

³ <https://nsd.stat.uz/> (06.07.2022)



As E.A. Kuznetsova rightly notes: “Budget transparency and public participation in the budget process is the main condition for the formation of democratic foundations for the socio-economic development of the state.” The population must possess a minimal level of financial and “digital” literacy, though, in order to ensure a transparent budget process; this is necessary for society’s overall well-being.

We concur with the authors’ assessment that “financial literacy is closely tied to the basic constitutional values that should be established in sectoral law,” as stated by N.A. Povetkina and E.V. Kudryashova. Current industry legislation and industry doctrine do not adequately address the issue of financial literacy. As a result, in the theory of financial law, more research must be done on the topic of raising public financial literacy in the age of digital revolution.

Information and communication technologies (ICT) act as the most significant tool for the interaction of public authorities and administration with the nation's citizens in this regard, within the context of the development of the information society in the Republic of Uzbekistan and within the framework of the operation of e-government.

What is more, in Uzbekistan, in order to move to an open budget and ensure transparency of the budget process, a solid institutional framework has been developed. Thus, at the initiative of the Head of State, a number of conceptual documents have been adopted, namely:

- ✓ 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. PD-3917 dated August 22, 2018);

- ✓ Resolution of the President of the Republic of Uzbekistan “On additional measures to ensure the active participation of citizens in the budget process” (No. PR-5072 dated April 13, 2021);
- ✓ Decree of the President of the Republic of Uzbekistan “On measures to further expand the financing of activities formed on the basis of public opinion through the information portal “Open Budget” (No. PD-5250 of 22.09.2021);
- ✓ Decree “On additional measures to ensure the openness of the activities of state bodies and organizations, as well as the effective implementation of public control” (No. PD-6247 dated June 16, 2021).

According to Article 17 of the Budget Code of the Republic of Uzbekistan, the principles of openness and transparency of the budget system include the following:

openness to society and the media of the procedures for considering and adopting the State budget and budgets of state trust funds, as well as the possibility of active participation of citizens in the budget process;

disclosure (publication) of information on the approved State budget and budgets of state trust funds in the media and on the official website of the Ministry of Finance of the Republic of Uzbekistan;

publication in the media, as well as posting and updating on the official website of the Ministry of Finance of the Republic of Uzbekistan information on

the implementation of the State budget and budgets of state trust funds⁴.

Registration on the Open Budget information portal (openbudget.uz)⁵, which offers the following, allows citizens to carry out their initiatives:

- Establishing public oversight over the allocation of budget funds by enhancing the efficiency and transparency of the process of creating initiatives for the socioeconomic development of regions;
- The method for citizen participation in initiative budgeting acts as a tool for resolving pressing social issues in the local areas;
- Placing information about activities suggested for funding from extra sources in district (city) budgets in order to influence public opinion;
- The coordination of citizen comments, including the potential for alerting the public to budget law infractions and soliciting suggestions for enhancing the budgeting process.

Thus, citizens can exercise their right to control the local budget by actively engaging in the real-time distribution of funds for projects like constructing roads, repairing and outfitting schools, preschool educational institutions, etc.

A **Department for keeping state financial data and ensuring openness of budget** was established in the structure of the Ministry of Finance of the Republic of

Uzbekistan to ensure the efficient operation of the site for its technical support and administration.

This department's primary duties include ensuring budget openness, information accessibility for both residents and foreign investors, as well as other interested parties, and the publishing of the **"Budget for Citizens"** informational publication⁶.

What then enables proactive budgeting among citizens?

Firstly, individuals now have more opportunity to take part in the distribution of a portion of municipal budgets for addressing issues that are important to them. Citizens can post ideas (projects) for the development of areas and the resolution of other issues on the Open Budget webpage.

Secondly, starting on January 1, 2022, a method directing 5% of the appropriate budgets' approved total expenditures toward financing events based on popular opinion will be implemented in all districts (cities) of the republic. At least 30% of additional funds from local budgets are also allocated for these purposes⁷.

According to data obtained from the portal, the "Initiative Budget" program (01.02.2022 - 01.04.2022) reflects that 1201.28 billion soums in total funds were allocated, 69700 initiatives were received, 40277

⁴ The Budget Code of the Republic of Uzbekistan // <https://lex.uz/docs/2304140> (01.07.2022)

⁵ Author's Note: URL address of the portal, which was developed within the framework of the joint project of UNDP and the Ministry of Finance "Financing sustainable development in Uzbekistan".

⁶ Decree of the President of the Republic of Uzbekistan "On measures to ensure openness of budget data and active

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⁷ See: Budget for Citizens 2022. P. 29 Tashkent – 2022 // https://admin.openbudget.uz/media/post_attachments/Budjet_22_ru_11_j5KXzMs.pdf (04.07.2022)

initiatives were approved, 29423 initiatives were rejected, and 6718133 votes were cast overall⁸.

However, as initiative budgeting may be seen of as the initial stage in the implementation of participatory budgeting, a move has been taken from initiative budgeting to participatory one in a number of nations throughout the world. Therefore, participatory budgeting, also known as “participatory democracy” in Russian literature, is one of the aspects of participatory democracy that is most rapidly increasing⁹. In Brazil, for instance, the first participatory budgeting debuted in the early 1980s (including the metropolis of Porto Alegre)¹⁰.

By knowing public opinion, it is possible to efficiently and logically direct budget funds to the necessary needs of the population and the achievement of national SDGs. As a result, participatory budgeting is a logical progression from proactive budgeting. The relationship between financial and digital literacy reflects the real mechanism of feedback from the public to the state. Additionally, in the era of digital transformation, the active participation of citizens within the framework of the “Open Budget” contributes to strengthening public control, and ensuring the transparency of this process serves as a real barometer of the openness of the budget system of Uzbekistan as a whole.

CONCLUSIONS AND RECOMMENDATIONS

In order to effectively solve the difficult task of increasing the financial literacy of the population and improving budget procedures in the direction of even

greater openness and transparency, in our opinion, it is necessary:

Выводы и рекомендации:

In our opinion, the following steps must be taken in order to properly tackle the challenge of raising financial literacy among the general public and strengthening budget procedures in order to achieve even greater openness and transparency:

1. Strengthen measures aimed at improving the financial and digital literacy of the population based on the mahallabay principle by holding seminars, educational courses on the budget and the budget process, modern technologies (Internet) under the guidance of specialists from territorial financial authorities and university professors in finance, which includes financial law and information technology;
2. It is necessary to train mahalla workers across the nation in order to increase interest in the local budget among residents and to explain the advantages of opportunities to participate in the development of budget decisions and monitor their implementation. It is also necessary to have the media report on these events in order to further popularize the Open Budget information portal system at the mahalla level;
3. To execute the SDG principle of “leaving no one behind”, it is required to introduce the best foreign practices, transition from proactive budgeting to participatory budgeting by increasing public participation, and develop a system for public hearings in the budget process.

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⁸ <https://openbudget.uz/ru> (04.07.2022)

⁹ Cherkasov A.I. Participatory budgeting and its features: from Porto Alegre to modern Europe // DOI: 10.17803/2311-5998.2021.83.7.119-126 //...<https://vestnik.msal.ru> › jour › article › download



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