



STRATEGIES OF FINANCIAL REFORMS IN UZBEKISTAN FOR
2022-2026: THEIR FOUNDATIONS AND WAYS OF DEVELOPMENT

Aminova N.B.¹

¹*Aminova Niginabonu Bakhridinovna – teacher of*

Department of Economics,

Bukhara State University, Bukhara, Republic of Uzbekistan.

Abstract. *This article analyzes the strategies of financial reforms, their foundations and ways of development in the action strategy for the further development of Uzbekistan for 2022-2026. A significant part of the state's activities is outside the framework of the state budget process, that is, some of the measures implemented by ministries and agencies are implemented at the expense of their extra-budgetary funds, as well as at the expense of enterprises with state participation.*

Keywords. *Finance, financial reforms, strategies, budget, budget process, enterprises, business, funds, economy, development.*

It is known that on January 28, 2022, the President of the Republic of Uzbekistan signed Decree No. PF-60 "On the Development Strategy of New Uzbekistan for 2022-2026". For the implementation of this Strategy, the Ministry of Finance has developed an Action Plan, which provides for the gradual achievement of the goals set in the Strategy. Now let's get acquainted with the priority tasks set to achieve each of the above goals.

Based on the first goal, it is necessary to redistribute the role of the participants in the budget process and the budget powers in order to create an opportunity to manage the revenues and expenses of the state budget more effectively.





To increase the stability of the state budget and the ability to forecast revenues, as well as to implement the necessary measures to ensure the mutual compatibility and cooperation of the activities of ministries and agencies at all stages of the budget process in order to achieve the goals set for the implementation of effective state policy and socio-economic development. A significant part of the state's activities is outside the framework of the state budget process, that is, some of the measures implemented by ministries and agencies are implemented at the expense of their extra-budgetary funds, as well as at the expense of enterprises with state participation. Due to the fact that the authority to transfer revenues and expenses between the levels of the budgets was not clearly established for many years, there were no sufficient incentives to increase the efficiency and effectiveness of budget funds in the local authorities.

In addition, despite the low efficiency of some state-owned enterprises, the state's significant participation in the economy remains. In this regard, it is necessary to implement structural changes in the activities of state enterprises aimed at reducing the participation of the state in the economy. Based on the above, the proposed reforms are to ensure budget priority and allocate responsibilities between the levels of the State budget. In order to increase the completeness and reliability of the State budget and the strategic orientation of the State budget, to take measures to include the funds in the off-budget personal treasury accounts of all state special funds and budget organizations to the State budget, as well as to include in the State budget report it is necessary to present the consolidated total financial indicators of the budget and state special purpose funds in a single form.

In order to ensure a more effective and rational system of public finance management, it is necessary to improve inter-budgetary relations between the republican and local budgets, which provides for a clear separation of expenditure





obligations between the budgets of the budget system and strengthening of sources of income.

Secondly, the goal of ensuring the openness, completeness and compliance of budget information with international standards, the availability of transparent, reliable and comprehensive information on state resources will serve the successful implementation of reforms in the field of public finance management. The comprehensiveness, comparability and integrity of public finance data allow for the creation of a complete, timely and reliable information base in the successful introduction of a strategic approach to the formation of tax-budget policy, and in the transition to the evaluation of the effectiveness and efficiency of the funds allocated from the budget.

In accordance with the current budget legislation, when drawing up the consolidated budget of the Republic of Uzbekistan, all incomes and expenses of the budgets of the budget system and the funds of the Recovery and Development Fund of the Republic of Uzbekistan, the funds of extra-budgetary funds of budget organizations, as well as some state funds are taken into account. excluding trust funds. In addition, the main part of the activities of the public administration sector is carried out through extra-budgetary funds of budget organizations. As a result, some expenses of the public sector, as well as information on separate cash flows, including the activities of state enterprises, state assets and some state liabilities, are not reflected in the budget report.

Based on this, the proposed reforms are as follows:

- Improve comprehensiveness, comparability and integrity of tax-budget reports;
- It is necessary to expand the information about the goals of the state tax-budget policy.

In order to support the medium- and long-term goals of the state policy and to create an effective public finance management system that meets the





requirements of the third objective, the consequences of the political decisions made during the fiscal year on the system for assessing the adequacy of financial resources and the allocated it is necessary to take measures regarding the introduction of a strategic approach to the tax-budget policy, which involves the transition to the assessment of the results of the use of budget funds.

The state budget includes an assessment of the forecasts of the main macroeconomic indicators for the next fiscal year and target indicators for the next two years, but does not include unforeseen situations that may arise during their development. This makes it difficult to assess the reliability of forecasts of problems related to the quality of macroeconomic statistics.

The lack of a strategic approach in the current system of budget planning limits the allocation of funds allocated from the budget based on the priorities of fiscal policy and the financial capabilities of the State budget, which leads to an irrational increase in budget obligations and the lack of control over the effective use of allocated budget funds.

Based on this, the necessary reforms are as follows:

1. Improving the budget process
2. Development of medium-term budget framework (MTBF)
3. Increase the orientation of the budget according to efficiency and effectiveness
4. Increasing the efficiency of state investments

According to the fourth objective, measures should be taken to improve the analysis of fiscal risks and their disclosure process in order to assess the long-term stability and predictability of public finances.

Analysis of fiscal risks and their management ensures effective coordination of the decision-making process related to tax-budget policy in the public sector. The proposed reforms are as follows:

1. Introduction of risk management system





2. Strengthening the asset and liability management system
3. Improvement of the state debt management system

According to the fifth goal, it is intended to review the roles and tasks of the participants of the budget process, to increase the independence of the ministries and agencies - the distributors (receivers) of budget funds and their responsibility for the effective use and effectiveness of the funds allocated from the budget. requires revision of the current system of accounting in the public sector and strengthening of the responsibility and accountability of the allocators (receivers) of budget funds in the field of tax budget. Currently, measures are being taken to introduce international accounting standards to the public sector.

At the same time, the full transition to international accounting standards in the public sector may take a long time due to the need to prepare values and improve relevant software. In addition, an internal control and audit service has been established in individual ministries and agencies.

However, the effectiveness of these services is limited due to the lack of legal and methodological foundations of the internal audit service, and the fact that their activity is aimed only at identifying cases of disorder related to the purposeless and ineffective use of budget funds. The proposed reforms in this area include:

1. Unification of budget accounting standards in the public sector;
2. Improvement of internal control and internal audit system;
3. Strengthen external control over state finances;
4. Ensuring public participation in the budget process.

According to the sixth goal, one of the important directions of the strategy is to increase the institutional capacity of state bodies to implement reforms in the state financial management system and strengthen their results. The macro-fiscal activity of the financial bodies responsible for a successful transition to medium-term budget planning is limited and does not correspond to world practice. In





particular, the fact that the Ministry of Economy and Industry is responsible for preparing macroeconomic forecasts is a proof of this. The Ministry of Finance performs the function of forecasting and analysis of state budget revenues, but does not have the function of assessing the stability of public finances and fiscal risks in the medium term.

Based on this, the proposed reforms are as follows:

1. Strengthening the legal framework in the field of public finance management;
2. Strengthening of functions of macro-fiscal analysis;
3. Revision of the structure of the Ministry of Finance;
4. Strengthening the state procurement system.

In the process of studying, analyzing and researching special literature and normative documents, as well as foreign experiences, we managed to make a number of scientifically based conclusions. The main ones are the following.

In particular:

1. To increase the powers and accountability of allocators of budget funds and local government bodies in the budget sphere and to strengthen their responsibility.
2. Ensuring the openness, completeness and compliance of the budget information with international standards.
3. In order to implement a strategic approach to the tax-budget policy, develop medium-term budget bases and introduce a new "result-oriented budget" system of forming the annual budget.
4. Fiscal risk assessment, accounting of financial assets and liabilities and implementation of their effective management system.
5. Strengthening financial discipline by unifying budget accounting standards, improving the internal control and audit system, and strengthening parliamentary and public control over the budget process;





6. Strengthening the institutional and legal framework.

References

1. Agzamov, A. T., & Rakhmatullaeva, F. M., Giyazova N. B. (2021). Regional Aspects Of Tourism Development. *Academicia Globe: Inderscience Research*, 2(6), 153-156.
2. Mubinovna, Rakhmatullaeva Firuza. "Investment As A Factor Of Regional Tourism Development." *South Asian Journal Of Marketing & Management Research* 10.10 (2020): 71-76.
3. Rakhmatullaeva, F. M., & Nishonova, Z. A. (2017). Agrotourism And Its Influence On The Economy Of Agro-Industrial Complex. In Современное Экологическое Состояние Природной Среды И Научно-Практические Аспекты Рационального Природопользования (Pp. 1918-1919).
4. Rakhmatullaeva, F. M. (2018). Factors Contributing To Successful Tourism Development In Regions. *Advances In Science And Technology*, 237-238.
5. Mubinovna, Rakhmatullaeva Firuza. "Fostering Regional Tourism: Exploring The Potential Of Agritourism." *Gwalior Management Academy*: 119.
6. Agzamov, A. T., Rakhmatullaeva, F. M., & Giyazova, N. B. (2021, June). Marketing Strategy For The Competitiveness Of Modern Enterprises. In *E-Conference Globe* (Pp. 1-3).
7. Muhammedrisaevna, Tairova Mavluda, Rakhmatullaeva Firuza Mubinovna, And Murotova Nigina Utkir Kizi. "The Role Of Information Technology In Organization And Management In Tourism." *Academy* 4 (55) (2020).
- 8.
9. Mubinovna, Rakhmatullaeva Firuza, And Nurova Gulnora Nutfulloevna. "The Importance Of Trade Policy In The Economic Development Of The Country." *Economics* 1 (44) (2020).





10. Muhammedrisaevna, T. M., Shukrullaevich, A. F., & Bakhriddinovna, A. N. (2021). The Logistics Approach In Managing A Tourism Company. *Researchjet Journal Of Analysis And Inventions*, 2(04), 231-236.

11. Tairova, M., Asadov, F., & Aminova, N. (2019). Logistics System In Tourism: Features, Functions And Opportunities. *International Finance And Accounting*, 2019(5), 16.

12. Асадов, Ф. Ш., & Аминова, Н. Б. (2020). Transportation System In Tourism Logistics. *Наука, Техника И Образование*, (6), 68-70.

13. Shukrullaevich, A. F., & Bakhriddinovna, A. N. (2020). Transportation System In Tourism Logistics. *Наука, Техника И Образование*, (6 (70)), 68-70.

14. Таирова, М. М., Асадов, Ф. Ш., & Аминова, Н. Б. (2020). Особенности Развития Устойчивого Сельского Туризма. *Вопросы Науки И Образования*, (11 (95)).

15. Tairova, M. M., Sh, A. F., & Aminova, N. B. (2020). Discussion Of Tourism Logistics Based On The Theory Of Separation And Association Of Tourists And Objects. In *European Research: Innovation In Science, Education And Technology* (Pp. 17-19).

16. Таирова, М. М., Асадов, Ф. Ш., & Аминова, Н. Б. (2020). Влияние Covid-19 На Агропродовольственные Цепочки Поставок. *Вестник Науки И Образования*, (12-2 (90)).

17. Таирова, М. М., Асадов, Ф. Ш., & Аминова, Н. Б. (2020). Influence Of Covid-19 On Agricultural Food Supply Chains. *Вестник Науки И Образования*, (12-2), 34-36.

18. Bakhriddinovna, A. N., & Qizi, K. D. R. (2020). Tourism Logistics: Relationship Between Tourism And Logistics. *Academy*, (7 (58)).

19. Muhammedrisaevna, T. M., Shukrullaevich, A. F., & Bakhriddinovna, A. N. (2021). The Importance Of Logistics In The Sphere Of Transportation And Tourist Services. *Наука И Образование Сегодня*, (5 (64)), 16-18.





20. Junaydulloevich, A. A., Bakhriddinova, A. N., & Olimova, R. N. Business And Product Delivery In The Context Of Covid-19.

21. Rasul Kizi-Student, K. D. (2021). Tourism Clusters Institutional Environment Kadirova Nozima Rasulova-Student Aminova Niginabonu Bakhriddinova-Student. *Europe, Science And We Evropa, Věda A My Espona, Hayka Ii My*, 11.

22. Mukhamedova, D. G., & Abdullajanova, D. S. (2020). The Actuality Of The Gender Aspect Of The Manager's Constructive Interaction In The Conflicting Situation. *Journal Of Critical Reviews*, 7(12), 228-231.

23. Mukhamedova, D., Abdullajanova, D., Tukhtabekov, K., Fuzailova, G., Babadjanova, S., & Rahmonova, Z. (2019). The Main Directions Of Accounting Socio-Psychological Characteristics Of The Manager Of Education In The Process Of Optimizing Management Activities In Uzbekistan. *Journal Of Advanced Research In Dynamical And Control Systems*, 11(10 Special Issue), 1035-1038.

24. Khalimova, N. J., Murotova, N. U., & Aminova, N. B. Cluster Approach In The Tourism Business.

