



IMPROVING THE FINANCIAL MECHANISM OF STATE FINANCIAL ASSET MANAGEMENT

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Abstract:

This article examines the priorities of public finance management, reforms in effective public finance management in Uzbekistan and the strategy for improving the public financial system.

Keywords: finance, public finance, public finance management, development strategy, public finance system improvement strategy.

Today, all spheres of society and state life are rapidly developing, requiring the implementation of reforms based on the improvement of public finance management, which ensures rapid and high-quality progress of our country on the way to the ranks of the leaders of world civilization.

In the conditions of modernization of the economy, reforms aimed at ensuring the stability of state finances are being consistently implemented in our country. In this regard, it is permissible to cite the following comments of the Honorable President Sh.M. Mirziyoyev, "Our most important priority is to further strengthen macroeconomic stability and maintain high rates of economic growth, including ensuring that the State budget is balanced at all levels, the national currency and the price level in the domestic market."

In 2018, based on the critical analysis of the current budget system according to the PEFA methodology, the results of the evaluation of the efficiency of public finance management, and the diagnostic evaluations conducted on the transparency of the tax-budget policy based on the Transparency Code of the International Monetary Fund, a number of measures to improve public finance management were implemented in the last two years.

In particular, in order to ensure the openness and transparency of information about the State Budget of the Republic of Uzbekistan (hereinafter referred to as the State Budget) and citizens' participation in the budget process:

Since 2018, the information publication "Budget for Citizens" is being developed;



The "Openbudget.uz" information portal, where detailed information about the state budget is posted, was launched in January 2019; Information on the execution of the state budget in accordance with the standards of State financial statistics (GFS) on the website of the International Monetary Fund being deployed;

Starting from 2019, a mechanism for directing at least 10% of the additional resources generated in the district and city budgets based on the activities reported by citizens was introduced;

Relevant norms have been included in the laws and by-laws that regulate the full disclosure of the process of using budget funds by those who dispose of budget funds and local state authorities on their official websites.

Also, starting from 2020, based on advanced foreign experience, the draft State budget was adopted in the form of a law for the first time, and in order to increase the authority and responsibility of ministries and agencies, budget expenditures were approved not by sectors, but by ministries and agencies. At the same time, the practice of approving the expenses of the republican budget of the Republic of Uzbekistan by the chambers of the Oliy Majlis of the Republic of Uzbekistan, and local budgets by the respective councils of people's deputies was introduced.

During 2018-2019, tax reforms were carried out in the country, the tax burden on the economy was reduced, the types of taxes were optimized, and the value added tax chain was created due to the increase in the number of value added tax payers.

In the new version of the Tax Code, the responsibility of the state tax service authorities for excessive collection of taxes has been strengthened, tax control forms tested in foreign practice using modern methods have been introduced, and the procedures for calculating and paying taxes have been simplified. At the same time, the results of the analysis showed that there is a lot of work to be done in the state financial management system in order to achieve the goals set for the planning of medium and long-term budget projects of the country.

In particular, the separate accounting of budget organizations and institutions and enterprises with a state share, as well as non-representation of extra-budgetary funds of ministries and agencies in the consolidated budget, hinders the full transparency of the State budget funds. Develop a transparent methodology for calculating inter-budgetary transfers that allows for independent determination of local budgets not released.



It is required to improve the efficiency of public procurement and investment management, develop a public debt management strategy, and introduce an effective system of risk assessment to manage public assets and liabilities.

The indicated shortcomings and problems do not allow an objective and reliable assessment of the implemented budget policy and prevent effective analysis of budget expenditures with medium-term state programs.

In this regard, today it is necessary to carry out scientific research aimed at improving the health of state finances.

Concepts of long-term development of the country and priority state programs, in particular, the Development Strategy on the five priority directions of development of the Republic of Uzbekistan in 2022-2026 [1], the annual address of the President of the Republic of Uzbekistan to the chambers of the Oliy Majlis, the concept of socio-economic development of the country until 2030 and other similar state programs served as the basis for the development of the Strategy.

The main goal of the strategy is to conduct a well-thought-out budget policy, to increase the efficiency of the use of budget funds directed to the social and economic development of the country, and to create an effective system of public finance management aimed at ensuring their transparency and openness.

To achieve the goals of the strategy, it is necessary to implement the following main tasks:

- conducting a tax-budget policy aimed at strategic goals and intended for the medium term;
- strengthening the fiscal control, increasing the responsibility and accountability of the participants of the budget process by determining the limited amounts of budget funds allocated to the first-level budget allocators by the Oliy Majlis;
- introduction of a tax-budget policy aimed at ensuring long-term state financial stability;
- increasing the transparency of the budget process and the openness of budget information;
- radical reform of inter-budgetary relations, increasing the independence and responsibility of local budgets, and introducing a transparent mechanism for providing inter-budgetary transfers.

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 state activity is outside the scope of the state budget process, that is, part 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, local authorities did not have sufficient incentives to increase the efficiency and effectiveness of budget funds.

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, it is necessary to take measures to include the funds in the non-budget personal treasury accounts of all state special funds and budget organizations to the State budget, as well as to present the consolidated total financial indicators of the State budget and state special funds in a single form in the budget report.

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 ensure the creation of a complete, timely and reliable information base in the successful implementation 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 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.

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