

CITIZEN PARTICIPATION IN SPENDING BUDGET FUNDS IN UZBEKISTAN

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ABSTRACT

This article highlights the ongoing work on improving the standard of living the population and solving socio-economic problems and shortcomings facing citizens, the active participation of citizens in the rational use of funds allocated from the state budget to improve local infrastructure and solving problems that have become a systemic issue, funds allocated within local budgets and state programs in the most demanded areas for the population, the implementation of a voting system on relevant proposals.

KEYWORDS: *Initiative Budget, Open Budget, Citizens' Budget, Information Portal, State Budget.*

INTRODUCTION

Over recent years, a number of works have been carried out in the Republic of Uzbekistan to improve the standard of living of the population and solve socio-economic problems and shortcomings that concern citizens, one of our priority tasks is to improve local infrastructure and solve problems such as reconstruction roads, water supply, natural gas and reconstruction of buildings of educational institutions, which have become a systemic issue.

These issues are systematically solved within the framework of funds allocated from the state budget, local budgets and state programs to eliminate a number of the above issues.

An "Initiative budget" mechanism has been created to involve citizens in budget process and citizen participation in solving the social problems they face, making full use of their civic position in spending budget funds.

Initiative budgeting is the practice of the allocation of part of the budget funds, taking into account initiatives, in accordance with the proposals of citizens and the corresponding initiatives put forward by citizens (having social significance) in relation to these allocated funds.

If we turn to history, then in 1992 the Russian Federation distributed a voucher for 10 thousand rubles to each citizen, as a result of which each person owned state property in an

amount equal to this amount. Substantiating the principles of economic policy, V. Eucken points out that the state is not engaged in economic and industrial activities, but must establish rules of action and implement them. The state should not assume its functions, which cannot be solved by direct sorting, constant intervention in the economy. The main thing here, as noted by L. Erhard, is to find the optimal balance between the economic activity of the state and private entrepreneurship. The long-standing and main task of the state is to develop rules that give citizens the right to freely apply.

In terms of international experience, initiative budgeting was first applied in the Brazilian city of Porto Alegre in 1989, when the administration left it up to citizens to decide how to allocate part of the city's budget. Today, after thirty years of successful practice, the citizens of Porto Alegre distribute 20% of the city budget, therefore, in our country, from July 1, 2021, the minimum amount of additional funds from the budgets of regions (cities) allocated to finance initiatives formed on the basis of public opinion has been increased from 10 to 30%.

This budget practice is successfully applied in more than 20 countries of Western and Eastern Europe, Latin America, the USA, China, India, South Korea and many other countries.

In particular, in the Indian state of Kerala, the practice of initiative budgeting was fully implemented in 1996, and citizens have been participating in the budget process for more than 24 years.

In organizing the “Initiative budget” system in our country, the experience of a number of developed countries, in particular, the Russian Federation, the United States of America, Brazil and the Republic of Ukraine, was fully studied, as a result of which the mechanisms and regulatory legal acts for implementing the “Initiative budget” system were studied.

In accordance with the decree of the President of the Republic of Uzbekistan PD-3917 "On measures to ensure openness of budget data and active participation of citizens in the budget process", (Decree of the President of the Republic of Uzbekistan dated August 22, 2019)the Ministry of Finance launched an information portal "Open budget" (www.openbudget.uz).

Through this information portal, citizens could:

submit proposals (in detail) for participation in the initiative budget process and vote for the relevant proposals;

get information on:

revenues and expenditures of the state budget;

revenues and expenditures of the local budget;

public internal and external debt;

the role of existing spheres in the world rankings of the Republic;

directly track information on the allocated budget allocations by regions (cities) and their execution.

Along with this, the employees of budget organizations, having registered on the portal, can receive detailed information about their wages in real time, as well as a number of other useful features.

For reference, the Ministry of Finance of the Republic of Uzbekistan is currently publishing “Citizens’ Budget”:

1. Citizens' Budget for 2018;
2. Citizens' Budget for 2019 (draft);
3. Citizens' Budget for 2019 (approved);
4. Citizens' Budget for 2019 (execution);
5. Citizens' Budget for 2019 (Tashkent region);
6. Citizens' Budget for 2020 (draft);
7. Citizens' Budget for 2019 (COVID);
8. Citizens' Budget for 2020 (approved);
9. Citizens' Budget for 2020 (execution);
10. Citizens' Budget for 2021 (draft);
11. Citizens' Budget for 2021 (approved);
12. Citizens' Budget (funds allocated from the state budget for healthcare in 2021);
13. Citizens' Budget for 2022 (draft);

Today, in order to become more accessible to users of the Open Budget information portal, the Ministry of Finance has developed a new version of the information portal.

The information portal "Open Budget" in the new interpretation will serve as a worthy support not only for parliamentary and public control over the spending of funds, but also for citizens' initiatives aimed at increasing their participation in the use of budget funds, as well as solving favorable and relevant issues for our society in the regions .

Decree of the President of the Republic of Uzbekistan dated April 13, 2021 PD-5072 "On additional measures to ensure the active participation of citizens in the budget process" was adopted in order to involve of citizens in the budget process, as well as to introduce the possibility of finding solutions to problems that concern the population.

According to the Approved Document, in order to further involve citizens in the budget process, starting from 2021, a new procedure was introduced for allocating 5 percent of the total expenditures approved by the budgets of the relevant regions (cities) in one district or city to finance initiatives formed on the basis of public opinion in each region. From 2022, this order applies to all districts and cities.

Starting from July 1, 2021, the budgets of districts (cities) allocated to finance initiatives formed on the basis of public opinion have increased the minimum amount of additional funds from 10 to 30 percent.

On the basis of the approved new mechanism, a new version of the "Open Budget" information portal has been developed, and since July 1, 2021, initiatives have been formed in all districts and cities of the country based on public opinion.

The initiative budget process took place in three phases, during which,

stage 1 - acceptance of proposals from citizens in the period from July 1 to July 31,

stage 2 - the process of selection (moderation) of proposals by district and city working committees from August 1 to August 12,

stage 3 - from 13 to 31 August, voting on the submitted proposals was held.

According to the results of the 1st stage, citizens registered on the information portal “Open Budget” submitted 41,125 proposals. According to the analysis of the submitted proposals, 13,853 proposals (34 percent of the total number of proposals), as the most concern of citizens, were problems related to the reconstruction and regulation of internal roads.

DISTRIBUTION OF PROPOSALS SUBMITTED BY CITIZENS AS PART OF THE “INITIATIVE BUDGET” PROCESS CONDUCTED IN 2021 BY SPHERES

#	Proposals	Quantity	Share,
	TOTAL	41 125	100%
1	Reconstruction of internal roads	13 853	34%
2	Reconstruction and equipping of secondary schools	6 798	17%
3	Improving the lighting system	5 649	14%
4	Water supply	4 424	11%
5	Power supply	2 531	6%
6	Playground and sports fields for children	2 367	6%
7	Reconstruction of premises (MFO, SES, library, etc.)	1 463	4%
8	Natural gas supply	1 147	3%
9	Internet connection	820	2%
10	Measures for the improvement of the regions	599	1%
11	Improving the state of preschool educational institutions	338	1%
12	Improvement of the wastewater system	192	0%
13	Others	944	2%

Of the proposals received, 21,833 were found to meet the criteria established by the working committee established in the regions and transferred to the voting process. During the voting, a total of 1.1 mln citizens across the country voted for the proposals they were interested in. Of these, 86.6 thousand votes were received by registering on the portal, 711.1 thousand via SMS messages and 34.9 thousand votes via an offline system who do not have access to the Internet.

Due to the fact that this process is being carried out for the first time, as well as the accumulation of problems that concern the population, in order to prevent occurrence of problems, has been adopted a resolution of the President of the Republic of Uzbekistan dated September 22, 2021 PD-5250 “On measures to further expand funding events formed on the basis of public opinion through the information portal “Open Budget”.

The Decree was developed on the basis of the results of the process of forming initiatives based on public opinion conducted this year, as well as relevant and actual proposals received from the population.

According to the adopted resolution, to finance proposals received from citizens, an additional 57.9 billion soums were allocated for 120 districts and cities, where less than 1 billion soums were formed in the Civil Initiatives Fund, an additional 59.5 billion soums for

119 districts and cities where the number of proposals received through the information portal "Open Budget" exceeded 100, an additional 117.4 billion soums were allocated from the republican budget. In turn, it is envisaged that these funds will be allocated to the "Citizens' Initiative Fund", created under the khokimiyat of the corresponding district (city).

In order to finance the received relevant proposals, a total of 210.1 bln soums were allocated from the republican budget to the relevant local budgets. In particular, at the expense of the republican budget for 14 districts and cities, a total of 92.7 bln soums will be allocated from the corresponding budgets in the amount of 5 percent in the test version, will be transferred to local budgets, respectively, in accordance with the established procedure. In addition, due to some additional sources from the budgets of districts (cities), 301.4 bln soums have been allocated to the "Citizens' Initiative Funds".

According to the results of the voting process within the allocated funds, 1,594 (the total cost of implementation according to preliminary calculations is 407.1 bln soums) proposals were noted as "winners".

There is also the possibility of monitoring financial transactions related to the initiative budget process in order to establish public control over the use of allocated funds in the prescribed manner and ensure that citizens directly follow the stages of implementation of proposals recognized as "winners".

On February 1, 2022, the first stage of the initiative budget process for the current year was launched, as of today, 69,700 proposals have been received on the information portal.

It should be noted that in 2022, it is planned to allocate a total of 1.5 trln soums in the amount of 5 percent of the budgets of districts and cities to finance initiatives formed on the basis of public opinion. It is expected that within the framework of these funds, more than 5,000 urgent problems submitted by citizens will be resolved.

During the "Proactive Budget" processes conducted in 2021, citizens submitted a total of more than 41 thousand proposals, according to the analysis of proposals, 13,853 thousand (34% of the total number of proposals) for the reconstruction of internal roads, the majority out of 1,600 proposals (26% of the total number of proposals) were noted as "winners", about 400 reflected the problems associated with the reconstruction of internal roads, 1.1 mln citizens took part in the voting process, of which 7.7 thousand - voted for proposals related to the reconstruction and regulation of internal roads.

Nearly 300 km of internal roads and pedestrian corridors were renovated in the regions at the end of the year under proposals that were noted as winners under the "initiative budget" process.

From this it can be seen that there are many existing problems in the reconstruction of internal roads, and it is high-quality and smooth roads that are in demand by citizens. In this regard, the Decree of the Cabinet of Ministers of the Republic of Uzbekistan dated February 2, 2022 CMD-49 "On measures to introduce openness standards in the field of roads and strengthen public control" was adopted.

In accordance with this resolution, in order to further increase the citizens participation in spending budget funds and improve the quality of internal roads existing in the country, starting from 2022, in the parameters of the budgets of districts and cities, 50 percent of the funds allocated for the reconstruction of territorial internal roads will be allocated to repair of internal roads, determined on the basis of public opinion through the information portal

"Open Budget". This process takes place once a year, as opposed to the "Initiative budget" process.

This process is carried out directly through the information portal "Open Budget", where complete information on location (geoposition), full names, length, condition (asphalt, repaired) of internal roads is entered on the information portal and citizens have the opportunity to leave their proposals for choosing the appropriate internal road based on geo-information from the register of internal roads.

The information portal automatically determines the average cost of reconstruction and the total volume of repaired intra-city roads for each district (city), based on the parameters of the district (city) budget.

The procedure for the formation of proposals for the reconstruction of internal roads based on public opinion through the information portal:

1. Public opinion through the information portal is formed on the basis of proposals made directly by citizens;
2. Only adult citizens could participate in the process of submitting proposals and voting through the information portal;
3. Citizens can submit only one proposal per year for the reconstruction of internal roads and vote for only one proposal. Citizens are not allowed to vote for their proposal.
4. Submission of proposals for the reconstruction of internal roads is carried out by citizens by choosing one of the relevant internal roads in the Register of internal roads presented on the information portal.
5. Making an offer through the information portal is carried out by registering directly on the portal.
6. Proposals submitted in each district and city are sorted from top to bottom based on the highest number of votes for them.
7. "Winner" proposals are automatically determined in sequence, taking into account the cost of implementing proposals within at least 50 percent of the funds allocated for the repair of territorial internal roads in the parameters of district (city) local budgets.

If the cost of implementing the proposals recognized as winners in the sequence is less than 50 percent of the funds allocated for the repair of intra-city territorial roads in the parameters of the local budget of the corresponding district (city), the next proposal in the sequence is also recognized as the winner, which does not exceed the cost of funds allocated for the repair of intra-city roads in the parameters of the local budget of the corresponding district (city) territorial roads.

The amount of funds allocated for the proposals recognized as winners is specified in the calculation based on the design and estimate documentation. At the same time, it is not allowed to exceed 5 percent of the initial cost of the offer, which is determined on the basis of design estimates, at the cost of which the winner is recognized. Based on the design and estimate documentation, if the cost of implementing the proposal exceeds 5 percent of the cost of the initial proposal, the design and estimate documentation will be revised.

10. In the reconstruction of internal roads indicated in the proposal announced by the winner is provided for this year within the framework of the relevant resolutions of the President of the Republic of Uzbekistan, the government or development programs from other sources, on

the information portal of the Ministry of Finance of the Republic of Karakalpakstan, the general financial departments of the regions and city of Tashkent, documents are uploaded, which are the basis for funding this proposal from other sources, and this proposal is automatically excluded from the list of winners on the information portal, in these cases the information portal will reform the list of winners in accordance with the sequence.

11. “Winner” proposals are registered in the register of internal roads and do not have the opportunity to re-apply for the next three years.

The main goal of these process, based on the proposals of the public, is the systematic elimination of existing shortcomings and problems on internal roads, as well as ensuring openness and transparency in the spending of budget funds.

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