

PROSPECTS FOR EFFECTIVE USE OF BUDGETARY FUNDS IN PUBLIC FINANCE MANAGEMENT

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Abstract

The article analyzes the theoretical and methodological substantiation of program budgeting and the development of practical recommendations for the formation and development of program budgeting at the local level.

Keywords: analysis, budgeting, budget, public finance, funds.

Introduction

Against the background of a worsening epidemiological situation in the world, the world economy in 2020 was plunged into recession. According to preliminary estimates of the International Monetary Fund (IMF), in 2020 the global economy fell by minus 3.5%, and in 2021 its recovery is projected at 5.5% [1]. In the context of a pandemic, one of the important priorities of macroeconomic policy was to prevent a recession in the economy or a deep crisis [1,2]. Despite the recession in the global economy and the crisis, which is unique in its manifestation, the positive economic growth observed in the country in 2020 can be assessed as a result of targeted measures and coordinated macroeconomic policies. In turn, to protect and support entrepreneurs and the population in the context of the global pandemic, a supportive monetary flexible fiscal policy was carried out through the adoption of more than 20 Presidential and government decisions to maintain macroeconomic stability and positive economic growth [3,4].

At the present stage of economic development, budget planning is an essential element of national and regional governance and occupies a key place in socio-economic regulation between different levels of government. Practice shows that an effective budget planning system, the degree of budget balance, the correctness of financial and social forecasts determines the sustainable functioning of the budgetary sphere and the implementation of regional socio-economic development programs. But, as practice shows, in the conditions of the Republic of Uzbekistan, the issues of budget planning, inter budgetary relations and the development of the budget planning system at the local level are among the urgent problems of reforming the public finance management system at both the republican and regional levels [5,6].

The modern system of budget planning, which functions in the Republic of Uzbekistan, as well as in other unitary states, is centralized. The ongoing reforms, in particular, the implementation of the "Strategy for public finance management of the Republic of Uzbekistan for 2009-2018", in fact, have changed little in the current system, although there are some trends in the tactics and strategy of reforms. It should be assumed that the modern system of

budget planning in the Republic of Uzbekistan retains an extremely high centralization of fiscal powers, the latter constrains the pace of reforms, the achievement of budget forecasts, reduces the efficiency of spending budget funds and does not contribute to the stable development of regions and the country [7].

In order to improve the budget planning mechanism and increase the efficiency of the use of budgetary funds in the "National Development Strategy of the Republic of Uzbekistan for the period up to 2030" the development of the program budgeting system and the introduction of the potential budgeting practice were declared.¹ This means a gradual abandonment of item-by-item funding and a transition to the use of the program-target budgeting method at all levels of the budget system. Meanwhile, the problems of effective use of the program-target method of budgeting in the practice of the administrative bodies of the regions of Uzbekistan are not sufficiently covered in the economic literature, the criteria of efficiency are not indicated, the key factors of containment are not highlighted and the main directions of adaptation of the program-target method of budgeting in the conditions of the regions of the country are not substantiated. The problems of the formation and development of the program budgeting system at the regional level requires a systematic study of the features of budgetary regulation of the development of the regions of Uzbekistan, which determines the development of a methodological approach to solving this problem, combining the principles of regional economics and financial management in the practice of managing the balanced development of regions [8].

It should be noted that along with various measures, mechanisms, sources of financing and investment, the most important basis for ensuring regional development is budget financing. In the context of the transition to a market economy and the reform of the public finance management system, the introduction of modern forms of planning and spending of budgetary funds is recognized as the basis for increasing the efficiency of expenditures and program-targeted management of regional development. In this regard, the introduction of program-targeted management, especially in the system of state and local budget planning, contributes to the formation of a new modern system of management of regional and local development. Practice shows that an effective budget policy should be aimed at achieving sustainable development of regions, increasing the effectiveness of public spending, improving the quality and availability of services provided by state and local executive authorities. Now one of the most promising tools for achieving these goals is program budgeting, the transition to which is a priority direction in reforming the public finance management system in the Republic of Uzbekistan.

The paper notes that the quality of execution and budgetary discipline at the regional level depends on the nationwide policy of public financial management. The development of the regions has led to economic growth and the implementation of the main tasks of the country's strategic development [9].

year	government spending, billions of dollars	government spending per capita, dollars	government spending, billions of dollars	poct growth in government spending, %	share of government spending in GDP, %	share of Uzbekistan, %		
	current prices		constant prices 1990			in the world	in Asia	in Central Asia
1990	3.8	185.0	3.8		21.4	0.098	0.51	43.7
1991	3.2	152.1	3.1	-18.6	17.5	0.078	0.37	38.8
1992	2.8	130.3	2.6	-14.3	16.9	0.064	0.30	38.3
1993	3.4	155.9	3.2	19.5	20.7	0.077	0.32	42.6
1994	2.9	127.9	2.6	-18.0	17.9	0.061	0.25	47.5
1995	3.0	133.0	2.7	3.9	18.7	0.059	0.23	46.8
1996	3.1	134.1	2.9	8.5	18.6	0.060	0.25	48.2
1997	3.2	136.1	2.8	-3.0	17.2	0.063	0.26	47.6
1998	3.1	129.5	2.8	0.45	17.3	0.061	0.26	48.7
1999	3.6	145.9	3.0	5.5	17.4	0.068	0.27	56.2
2000	2.6	104.7	3.0	0.94	15.7	0.048	0.18	44.0
2001	1.7	68.4	3.3	7.6	15.5	0.032	0.12	29.1
2002	1.8	69.8	3.4	3.4	15.1	0.031	0.12	29.3
2003	1.8	71.3	3.4	-0.041	15.2	0.028	0.12	25.6
2004	2.1	80.6	3.6	7.2	14.7	0.028	0.12	22.6
2005	2.5	95.8	3.8	5.1	14.8	0.032	0.14	21.8
2006	2.7	99.1	4.2	9.6	12.9	0.031	0.14	19.9
2007	3.5	128.2	4.4	6.9	13.2	0.037	0.16	19.7
2008	4.7	171.0	4.4	0.18	13.4	0.044	0.19	22.2
2009	5.2	186.5	4.6	3.9	13.0	0.048	0.19	23.6
2010	6.3	219.3	4.8	4.5	13.3	0.054	0.20	24.2
2011	7.2	249.8	5.3	8.8	12.7	0.057	0.19	22.6
2012	8.4	285.1	5.7	8.5	13.1	0.065	0.21	22.2
2013	9.7	325.6	6.2	8.6	14.1	0.074	0.24	24.5
2014	10.7	351.9	6.7	8.4	14.0	0.080	0.25	26.2
2015	11.7	379.4	7.2	6.7	14.3	0.094	0.28	30.3
2016	12.2	387.4	7.4	2.7	14.9	0.096	0.28	36.3
2017	7.8	244.7	7.5	1.5	13.2	0.058	0.17	25.1
2018	7.1	218.2	7.8	4.8	14.1	0.050	0.14	25.0
2019	9.5	287.7	8.3	6.1	16.4	0.065	0.18	29.0

Government expenditures of Uzbekistan, 1990-2019 [10]

Potential for government spending in Uzbekistan in 2019. With government spending per capita at the same level as government spending per capita in Germany (\$ 9,443.8), government spending in Uzbekistan would have been \$ 311.5 billion, 32.8 times the actual level. With government spending per capita at the same level as government spending per capita in the world (\$ 1,879.4), government spending in Uzbekistan would have been \$ 62.0 billion, 6.5 times the actual level. With government spending per capita at the same level as government spending per capita in Asia (\$ 1,151.7), Uzbekistan's government spending would be \$ 38.0 billion, 4.0 times the actual level. With government spending per capita at the same

level as government spending per capita in Kazakhstan (\$ 894.3), the best neighbor, Uzbekistan's government spending would be \$ 29.5 billion, 3.1 times the actual level. With government spending per capita at the same level as government spending per capita in Central Asia (\$ 447.5), Uzbekistan's government spending would have been \$ 14.8 billion, 55.5% more than the actual level.

State revenues of Uzbekistan, 1990-2019 [10]

year	national income, billion dollars	national income per capita, dollars	national income, billion dollars	growth of national income, %	share of Uzbekistan, %		
	current prices		constant prices 1990		in the world	in Asia	in Central Asia
1990	17.6	861.2	17.6		0.077	0.31	31.0
1991	18.1	865.2	17.5	-0.49	0.075	0.29	33.2
1992	16.4	767.8	15.5	-11.2	0.064	0.24	32.7
1993	16.5	752.2	15.2	-2.1	0.063	0.22	34.4
1994	15.9	713.6	14.4	-5.2	0.057	0.19	36.7
1995	16.1	708.2	14.3	-0.82	0.052	0.17	38.7
1996	16.7	717.2	14.5	1.4	0.053	0.18	38.8
1997	18.4	779.6	15.2	4.5	0.058	0.21	40.1
1998	17.9	744.0	15.9	4.9	0.057	0.22	39.0
1999	20.3	831.7	16.5	4.1	0.062	0.23	47.2
2000	16.0	646.4	16.8	1.8	0.048	0.17	39.8
2001	10.8	431.4	17.8	5.5	0.032	0.12	26.2
2002	11.5	452.4	18.6	4.5	0.033	0.13	24.8
2003	11.9	460.9	19.4	4.6	0.030	0.12	21.3
2004	14.2	545.7	21.0	8.3	0.032	0.12	20.0
2005	17.0	642.5	22.5	7.2	0.036	0.14	19.5
2006	20.1	748.9	23.7	5.2	0.039	0.15	17.6
2007	27.5	1 011.9	27.7	16.7	0.047	0.18	18.9
2008	35.2	1 273.8	29.1	5.0	0.055	0.20	19.3
2009	40.0	1 426.7	31.3	7.8	0.066	0.22	23.2
2010	48.1	1 687.1	35.0	11.6	0.073	0.23	23.0
2011	58.6	2 022.5	37.9	8.4	0.080	0.24	22.2
2012	66.4	2 252.9	40.9	7.9	0.088	0.26	22.6
2013	72.1	2 410.2	44.4	8.5	0.093	0.28	21.3
2014	79.6	2 615.5	47.2	6.4	0.100	0.29	23.6
2015	83.3	2 693.2	49.8	5.3	0.11	0.31	27.1
2016	82.7	2 630.7	52.5	5.4	0.11	0.30	32.2
2017	60.4	1 889.1	55.3	5.4	0.074	0.20	23.4
2018	51.4	1 583.9	58.3	5.4	0.060	0.16	19.6
2019	59.1	1 792.1	61.6	5.6	0.068	0.18	21.1

National income potential of Uzbekistan in 2019. With the national income per capita at the same level as the national income per capita in the United States (\$ 65,897.6), the national income of Uzbekistan would be \$ 2,173.6 billion, which is 36.8 times the actual level. With the national income per capita at the same level as the national income per capita in the world (\$ 11,336.0), the national income of Uzbekistan would be \$ 373.9 billion, which is 6.3 times higher than the actual level. With national income per capita at the same level as national income per capita in Kazakhstan (\$ 8,500.5), the best neighbor, Uzbekistan's national income would be \$ 280.4 billion, which is 4.7 times higher than the actual level. With the national income per capita at the same level as the national income per capita in Asia (\$ 7,212.2), the national income of Uzbekistan would be \$ 237.9 billion, which is 4.0 times the actual level. With the national income per capita at the same level as the national income per capita in Central Asia (\$ 3,833.0), the national income of Uzbekistan would be \$ 126.4 billion, which is 2.1 times higher than the actual level

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