

ISSUES FOR FURTHER IMPROVEMENT OF INITIATIVE BUDGETING

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Abstract: *This article talks about the existing problems and shortcomings along with the results achieved within the initiative budgeting in the regions. In this, the organization of the "Initiative Budget" process, the winning projects and their implementation were analyzed. The achieved result and existing problems are indicated. Proposals for further improvement of the "Initiative Budget" process have been made.*

Keywords: *"Initiative Budget" process, winning projects, "Citizens' Initiative Fund", additional sources of local budget, local Councils of People's Deputies.*

In our country, problems and shortcomings related to the infrastructure of the neighborhoods are being systematically addressed. Introduction of the "Initiative Budget" program plays an important role. Projects within the framework of the program are formed on the basis of the demands and proposals of the population, and current issues are solved in a timely and effective manner. That is, through "Open Budget", people are raising their own issues, voting and controlling themselves. If 1.2 million people participated in the voting process in 2021, in the first season of 2023, their number exceeded 16 million, and all neighborhoods of the republic participated with their project.

In the last three years, 57 trillion soums have been allocated to 9,500 neighborhoods. At the expense of these funds, internal roads, kindergartens, schools and hospitals were repaired in 3,500 neighborhoods. In 1 thousand and 19 neighborhoods, the supply of drinking water and wastewater has been improved, and 452 have been modernized [1].

On May 8, 2023, at a meeting with members of the Oliy Majlis Chambers, political parties and public representatives, our Honorable President said, "Just one example, we all know how the implementation of the Open Budget system from last year has had a positive effect on the mood of our ordinary people in villages and neighborhoods. However, to meet the growing demands of our people, we need to do twice as much work as now" [2].

In fact, the "Initiative budget" process served as an important support in the solution of existing social problems in our society and began to bear its positive effect. Therefore, starting from this year, in order to improve the infrastructure of the communities, the amount of funds allocated to the projects chosen by the residents has been sharply increased.



Research methodology

In the process of analysis, statistical grouping of data, comparative and trend analysis methods were used. The article examines foreign experience in initiative budgeting. It also covered the results of the "Initiative Budget" process held this year in the republic's territories.

Analysis and results

Today, budget formation based on citizens' proposals is one of the most innovative ways to develop civil society and increase citizens' knowledge of how the state budget works.

Proactive budgeting strengthens citizens' sense of belonging to the problems being solved and serves to improve the quality of life. It is also an effective tool for achieving sustainable development goals.

Acknowledging the work done and the results achieved, it is necessary to emphasize the importance of further improving the practice of initiative budgeting and involving more citizens in its processes.

Foreign experience

To further develop and improve the initiative budgeting process, to increase the responsibility of citizens not only to promote initiatives, but also to actively and consciously vote, as well as to study advanced foreign experience and apply it in the conditions of the Republic of Uzbekistan in order to strengthen the role of the public in the implementation and monitoring of projects financed by initiative budgeting. It is very important to put it into practice based on its acceptability.

With these goals in mind, the experience of a number of foreign countries in terms of initiative budgeting was studied.

Proactive budgeting was first introduced in 1989 in Porto Alegre, Brazil. Initially, initiative budgeting appeared as a direct form of democracy and included citizens' participation in decisions on the selection of priorities for spending budget funds. Today, up to 21% of Porto Alegre's municipal budget is distributed through initiative budgeting mechanisms. During the past period, more than 7 thousand projects were implemented in the city. Due to its high effectiveness, proactive budgeting practice spread first to all regions of Brazil and later to the whole world [3].

It has been more than twenty years since initiative budgeting processes were first used in Europe. In particular, in order to ensure the participation of citizens in the budgeting process, initiative budgeting practice was introduced at the end of the 90s of the last century. France is one of the first countries in Europe to use the initiative budgeting process. The main purpose of using initiative budgeting in France is to increase the transparency of public spending and to allocate public resources more efficiently.

Proactive budgeting is a tool used to actively involve citizens in the decision-making process at the local level and serves to allocate state resources according to the priorities set by citizens themselves.



Initiative budgeting processes in France are carried out in the following stages:

- proposals (projects) are presented by individuals or groups in January-February;
- group discussions are held in March-April;
- projects completed in April-May will undergo strict technical evaluation;
- in June-August, projects are evaluated and approved by special committees at the city and district level, which include representatives of citizens;
- in August-September, the winning projects organize public companies to attract voters (voters);
- in September, online and direct voting is open to everyone for two weeks;
- in December, the winning projects will be announced and included in the budget for the fiscal year to be adopted by the local council;
- the implementation of the project will start from January.

In the initiative budgeting process, the possibility to monitor the implementation process of the winning projects in real-time, online, through the website, is one of the best practices in the initiative budgeting process of France [4] .

The Lithuanian parliament has a well-thought-out and rigorous budget review process that allows members of parliament to scrutinize the budget and formulate proposals for amendments.

In recent years, local budgets in Lithuania have been formed on the basis of citizens' suggestions. Currently, two-thirds of local regions (municipalities) are actively introducing budgeting based on citizens' proposals, as a result of which up to 350 thousand euros are allocated annually to accept citizens' proposals.

Proactive budgeting was first implemented in Lithuania in 2018 in the city of Alitus. Starting from 2019, the "Budgeting forum based on citizens' suggestions" is held every year in Lithuania, with the participation of representatives of almost all regions (municipalities) and national institutions, leaders of schools and local communities. Prospective opportunities and existing problems related to the introduction of initiative budgeting will be evaluated based on feedback from participants. Dialogue and cooperation between local level decision-makers and representatives of initiators will be established.

Initiative budgeting is used in Lithuania to ensure data transparency. Its purpose is to ensure the transparency of state financial information, stimulate interest in state finance management processes, and create conditions for greater transparency and comprehensibility of the activities of public sector entities. In Lithuania, proactive budgeting is one of the tools to ensure data openness and transparency.

Funds for initiative budgeting are allocated from local budgets. For example, "Ideas for Taurage" is allocated a little more than 12 percent of the city's annual budget, the citizens propose 12-15 ideas every year, which are then voted to choose winners in three categories.

The introduction of proactive budgeting not only increased the efficiency of services provided to the population, but also "changed the political culture of civil society", which encouraged the

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resolution of controversial issues through discussion and negotiation rather than protest and confrontation.

Also, through these processes, it was achieved to increase the activity and relevance of socially vulnerable strata and groups, to ensure their active participation in the life of society.

Although initiative budgeting has not been introduced in Lithuania for a long time, but significant work has been done, today the countries of Latvia and Estonia have also started to introduce initiative budgeting processes based on the experience of Lithuania [5].

The first initiative in Poland, which has common characteristics with the principle of initiative budgeting, appeared in Polotsk in 2003 as a public-private partnership between the municipality, activist groups and local companies. The goal of the project was to develop a "strategy for sustainable development of the city of Polotsk until 2012" based on a detailed assessment of the city's needs. The process is coordinated within the UN Development Program [6].

In our country, the initiative to ensure citizens' participation in the budget process was first put forward based on the decision of the President of the Republic of Uzbekistan dated August 24, 2018 No. PQ-3917 "On measures to ensure the openness of budget information and active participation of citizens in the budget process" [7].

55,900 project proposals were put forward by the citizens of **9,441** neighborhoods within the framework of the 1st season of the "Initiative Budget" process held in February and March of this year. **33,700** of these projects were selected by working groups organized in districts and cities and put to the voting process. **4.2 thousand** of them correspond to Surkhandarya, **4.2 thousand** to Kashkadarya and **3.1 thousand** to Khorezm regions, **these regions have the highest share.**

In terms of sectors, the direction of repair of regional internal roads was noted as the largest number of projects, a total of **10,400** projects in this direction were put to the vote, and their share in the total number of projects was 26 percent.

Also, repair and equipping of **5.3 thousand** (18 percent) secondary schools, **2.5 thousand** (8 percent) pre-school educational institutions and **1.4 thousand** (6 percent) medical organizations, installation of **4.5 thousand** (11 percent) street lights and projects on improving the electricity supply were voted on.

These projects received a total of more than 16 million votes from citizens, or 2 times more than in the 2nd season held in 2022. **8,826** residents of the neighborhood participated in this process. This is about 94 percent of the existing neighborhoods in the Republic.

For example, 98-99 percent of existing neighborhoods in Surkhandarya, Kashkadarya and Namangan regions participated in the voting process.

According to the current budget legislation, starting from 2022, 5% of the budgets of all districts and cities and at least 30% of their additional resources will be directed to the financing of activities formed on the basis of public opinion [8].

Accordingly, **1 trillion soums within the parameters of the district and city budgets of 2023 and 500.0 billion soums** from the free remaining funds formed in the local budgets at the



beginning of this year were directed to the "Citizens' Initiative" funds for the financing of the 1st season projects.

According to the results of the voting process, **1,666 projects** with more than **7.7 million votes (48%)** were declared winners within the funds allocated to the "Citizens' Initiative Fund".

In addition, according to the decision of the President of the Republic of Uzbekistan No. PQ-117 dated April 10, 2023 [9], for the implementation of **1,309 projects** that received more than 2,000 votes, but did not win, on the issue raised by more than 4 million people, in addition, 1 from the State budget .3 trillion soums have been allocated (Table 1).

Table 1. On the results of the 1st season of the initiative budget process information on a cross-section of regions

T/r	Name of the area	Number of proposed projects and votes		Winning projects and number of votes	
1	Republic of Karakalpakstan	3518	684897	134	410457
2	Andijan region	3153	1281618	215	975354
3	Bukhara region	3646	960368	223	752123
4	Jizzakh region	1886	757380	150	570372
5	Kashkadarya region	6166	2067742	261	1646078
6	Navoi region	3245	564780	143	420941
7	Namangan region	3605	1519467	341	1074117
8	Samarkand region	2986	1595182	284	1191835
9	Surkhandarya region	9595	1320522	213	957987
10	Syrdarya region	2005	340236	117	229896
11	Tashkent region	2956	1226502	240	885833
12	Fergana region	2450	2222028	335	1831403
13	Khorezm region	5128	933373	172	702813
14	Tashkent city	5631	655669	169	433006

Note: It was prepared based on the information of the Ministry of Economy and Finance.

The 2nd season of the initiative budget process of 2023 was held from July 17 to September 16 of this year, and a total of **55,900** project proposals were submitted by **9,437** neighborhood residents . Of these, **33,400** were selected and transferred to the voting process.

5.9 thousand of them were **in Surkhandarya**, 2.8 thousand **in Fergana**, 2.8 thousand in **Kashkadarya** and 2.6 thousand **in Namangan** regions.

The largest number of projects (35 percent) were registered in the field of **internal road repair** , and a total of **11,600** projects were submitted to the voting process.

Also , repair and equipping of 4.6 thousand (14 percent) general education schools, 2.2 thousand (7 percent) pre-school educational organizations, and 1.4 thousand (4 percent) medical organizations, and 4.4 thousand (13 percent), electricity projects related to supply were voted on.

For the 1st season of the "Initiative budget" process in the parameters of the district and city

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budgets of **2023 1 trillion soums have been allocated** . Also, according to the results of the first and second quarters of 2023, **400 billion soums** have been allocated to the Citizens' Initiative Fund at the expense of 30 percent of the additional funds formed in the local budgets.

During the voting process, a total of **more than 18 million** votes were cast by citizens, or 2 million more votes than in the 1st season of 2023.

According to the results of the voting process, a total of **1,187 projects** with a total value of **1.3 trillion soums in 1,012** neighborhoods within the funds allocated to the "Citizens' Initiative Fund" were declared winners. More than **6.2 million votes were cast** by citizens for these projects .

446 of the winning projects repair of internal roads, **236 one is** secondary schools and **217** organized the repair and equipping of medical organizations .

Table 2. On the results of the 2nd season of the initiative budget process information on a cross-section of regions

No	Name of the area	Total number of projects	Total number of votes	Percentage of total population	Winning projects	
					Number	Value (billion soums)
1	Republic of Karakalpakstan	1 839	593 163	30%	92	90.5
2	Andijan region	2 320	1 651 389	50%	83	100.0
3	Bukhara region	2 287	970 808	48%	74	80.6
4	Jizzakh region	1 065	647 608	44%	50	60.1
5	Kashkadarya region	2 830	2 255 190	65%	100	125.4
6	Navoi region	1 640	506 545	48%	58	54.9
7	Namangan region	2 613	1,505,865	50%	84	100.2
8	Samarkand region	2 558	2 071 680	50%	113	132.7
9	Surkhandarya region	5 977	1 704 023	60 %	77	97.7
10	Syrdarya region	856	347 942	38 %	73	39.7
11	Tashkent region	2 104	1 090 495	36%	122	120.5
12	Fergana region	2 837	2 782 376	70%	97	122.4
13	Khorezm region	2 059	1 106 824	57%	66	81.4
14	Tashkent city	2 504	881 177	30%	98	108.5
	TOTAL	33 489	18 115 085	50%	1187	1 314.6

Note: It was prepared based on the information of the Ministry of Economy and Finance.

The analysis shows that significant results have been achieved within the framework of initiative budgeting in the regions in the past period, at the same time, some mistakes and shortcomings were made in this process, and there are issues that need to be paid attention to in the future.

First of all , 30 percent of the additional funds formed in the budgets of some regions were not directed to the financing of activities formed on the basis of public opinion.



In particular, no funds were transferred to the "Citizens' Initiative" fund from the regional budgets of Jizzakh, Kashkadarya, Navoi, Namangan, Tashkent, Fergana and Khorezm regions. Within the framework of these funds, it was possible to solve problems related to the repair and equipping of more than 500 schools, pre-school educational organizations or medical institutions, or the repair of more than one thousand km of internal roads.

Secondly, In the direction of funds in the amount of 5% of the approved expenses of the district (city) budgets to finance activities formed on the basis of public opinion, laziness was allowed.

For example, in Kuyichirchik and Akkurgan districts of Tashkent region, the funds provided for in the district budget were transferred to the respective funds after the winners were determined.

Thirdly, there are cases of failure to return the funds from the winning projects to the Fund on time.

In particular, **795 million soums in Navoi region**, **680 million soums** in Syrdarya region, **415 million soums** in Kashkadarya region. Refunds are not guaranteed.

Fourth, the Working Committee mistakes and shortcomings were made in the selection of activities formed on the basis of public opinion.

In particular, in order to create comfortable conditions for taxpayers visiting the tax inspectorate of the Tortkol district of the Republic of Karakalpakstan, the project of establishing a temporary parking place for vehicles and modernizing the waiting rooms Working commission was transferred to the voting process. According to the results of voting, this project was also declared the winner.

For information: according to the model regulation on the procedure for allocating funds from district (city) budgets to activities formed on the basis of public opinion, the activities formed on the basis of public opinion should not be aimed at the construction, repair and equipment of buildings and facilities of local state authorities and state bodies, including covering their other needs. must

Despite the submission of the relevant organization's conclusion on the rejection of the project on the gasification project of the "Bunyodkor" MFY, Termiz district, Surkhandarya region, which was put forward by the population during the "Initiative Budget" process, the Working Commission the project was submitted to the voting process and the project was declared the winner according to the results of the voting.

For information: according to the model regulation on the procedure for allocating funds from the district (city) budgets to activities formed on the basis of public opinion, customers review the compliance of projects with the criteria established by law and submit to the Working Commission the acceptance of projects (project cost and a list of additional documents required for implementation)) or provides a reasoned conclusion on rejection.

The working committee moves the projects to the voting stage based on the conclusions presented by the customers.



Fifth, there were cases of arbitrary changes to the winning projects in the "Initiative Budget" processes.

Sixthly, in some regions, there have been cases of compulsory involvement of budget organization employees to vote on projects as part of the "Initiative Budget" process.

For example, appeals were submitted through the "Open budget" information portal regarding the fact that employees of school 36 of Bulung'ur district of Samarkand region are being forced to vote within the second season of the "Initiative Budget" process.

Seventh, in the implementation of some projects that have been selected as winners in the "Initiative Budget" processes, work is poorly organized, and the level of appropriation of funds remains low.

Eighthly, in some cities and districts, efforts to involve the population in the "Initiative Budget" process, allocate funds on time, and establish public control over the implementation of projects have not been sufficiently established.

According to the results of the evaluation of the activity of the regions in the initiative budget processes, **25** districts and cities in the republic were recognized as "red" regions.

Conclusions and suggestions

As mentioned, although initiative budgeting has shown its positive results in the past short period, some mistakes and shortcomings have been made in connection with wide involvement of citizens in the budgeting process, selection of projects, timely and quality implementation of the projects that have been recognized as winners. From this point of view, there is a lot of work to be done on the effective organization of "Initiative budget" processes in the regions, and there are enough opportunities to further develop the results in this regard.

In particular, it is important to increase citizens' budget literacy and thereby give citizens the opportunity to participate in all stages of the budget process. Citizens need to understand the importance of not only making suggestions, but also discussing them and demanding public scrutiny so that the system becomes more effective.

Also, increasing the importance of civil society organizations in monitoring the implementation of projects within the framework of the "Initiative Budget" and their wider involvement in the process will increase the efficiency of using budget funds.

Based on the results of the analysis, in order to further improve the "Initiative Budget" process, it is appropriate to pay attention to the following in the future:

- 1.** It is very important that citizens understand the value of their voice in promoting projects aimed at solving the most pressing problems. Practice shows that with the beginning of the voting process, the campaigning campaign is held by the citizens themselves in different regions. Citizens collect votes for small rewards by campaigning on certain projects in crowded public places. Therefore, developing and distributing guidelines for ensuring citizens' participation in the budget process.

- 2.** To introduce the procedure for taking into account the projects that participated in the "Initiative Budget" program, but did not receive enough votes, in the formation of the State budget next year.

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For example, in the 1st season of the "Initiative budget" of this year, more than 1,000 project proposals were received for the repair of medical facilities in neighborhoods, and more than 5,000 project proposals for equipping schools with desks and computers.

3. To strengthen permanent public control over the timely and quality implementation of projects financed by the initiative budget in the regions by local Councils of People's Deputies and public representatives.

4. In order to make effective use of temporarily idle funds of the "Initiative Budget" fund in the regions, placing the funds in the deposit accounts of commercial banks for a short period of time.

5. To allow each citizen to vote once per season.

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