ANALYSIS OF THE REFORMS BEING IMPLEMENTED TO IMPROVE THE PROGRAM BUDGETING SYSTEM

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ABSTRACT

This thesis analyzes the formation of target indicators related to the use of budget funds by first-level budget administrators and the development of pilot budget programs. The theoretical and legal aspects of developing target indicators of ministries and agencies, as well as preparing their budget and extra-budgetary expenditures in the context of budget programs and their inclusion in the draft 2026 budget, are evaluated.

In accordance with the “Uzbekistan – 2030” Strategy and the Strategy for Improving the Public Financial Management System for 2025–2030, the gradual transition to the practice of performance-based budgeting (program budgeting) has been identified as a priority in order to increase the efficiency of budget funds.

At the initial stage of introducing the performance-based budgeting system, starting from 2021, the target indicators related to the use of budget funds for 4 ministries and agencies (the Ministry of Public Education, the Ministry of Water Management, the Ministry of Health, and the Committee for Automobile Roads) were approved by the relevant decisions of the President of the Republic of Uzbekistan.

In 2022 — for 40 ministries and agencies, in 2024 — for 37 ministries and agencies and in 2025 — for 44 ministries and agencies, target indicators were approved.

In these cases, the forecast values of target indicators reflecting the results expected to be achieved through the allocated budget expenditures of ministries and agencies for the respective years were approved.

For example, according to Presidential Resolution No. PQ-455 dated December 25, 2024, 96.4 trillion soums are allocated from the budget in 2025 for the implementation of 717 target indicators for 124 programs of 44 ministries and agencies. Specifically:

For the Ministry of Higher Education, Science and Innovation's program **"Subsidies for the construction of student dormitories under public–private partnership projects"**, 300 billion soums are allocated. As a result of these funds, the student accommodation coverage rate is expected to increase from 47.3% to 52.2%, and 10,884 additional beds will be created through the construction of 20 dormitories (the 9-month implementation rate reached 109%).

For the Ministry of Health's program **"Providing medicines to patients who have undergone kidney and liver transplantation surgeries"**, 128.6 billion soums are allocated for 2025. As a result, it is planned to provide medical treatment to 4,050 patients who underwent kidney and liver transplantation surgeries (in 9 months, 3,640 such patients received the surgeries, and the implementation rate was 89.9%).

For the Ministry of Water Management's program **"Program to compensate part of the expenses for the introduction of drip and discrete irrigation technologies by cotton producers"**, 290 billion soums are allocated. As a result, 189.4 million cubic meters of water savings are planned for 2025 (in the first 9 months, 192.6 million cubic meters were saved).

According to Presidential Resolution No. PQ-455 dated December 25, 2024, six ministries and agencies (the Ministry of Preschool and School Education, the Ministry of Higher Education, Science and Innovation, the Ministry of Water Management, the Ministry of Ecology, Environmental Protection and Climate Change, the National Social Protection Agency, and the Agency for State Asset Management) were tasked with developing their budget programs for 2026–2028.

In 2025, for the first time on a pilot basis, the Ministry of Economy and Finance and the Ministry of Agriculture prepared their budget expenditures for 2025–2027 in the context of budget programs.

Currently, in the 2026 Budget Statement (Budgetnoma), it can be observed that the relevant funds for the 2026–2028 budget programs of the above ministries and agencies are included in accordance with Annex 7.

Additionally, according to Annex 8 of the Budgetnoma, 186.3 trillion soums are planned to be allocated from the budget in 2026 for the implementation of 913 target indicators for 121 programs of 48 ministries and agencies.

Among them, the budget expenditures of eight ministries and agencies are provided in the context of budget programs.

For the remaining 40 ministries and agencies, their budget expenditures and the target indicators of their development programs are included.

Moreover, due to the adoption of medium-term strategies by the Ministry of Construction and Housing and Communal Services, the Ministry of Transport, the Ministry of Culture, the Ministry of Investments, Industry and Trade, the Ministry of Justice, and the National Statistics Agency, it is planned to prepare their budget and extra-budgetary funds in the context of budget programs during the formation of the draft State Budget for 2027.

When analyzing the introduction of the program budgeting system in the Republic of Uzbekistan, it can be observed that—similar to international practice—the initial years utilized the **presentation form of performance-based budgeting**, and gradually, based on the example of eight ministries, a transition is being made to the **performance-informed budgeting model**.

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