ON THE ESTABLISHMENT OF MODERN AND PROSPECTIVE LEGAL FRAMEWORKS ENSURING THE EFFICIENT UTILIZATION OF FINANCIAL RESOURCES IN HIGHER EDUCATION INSTITUTIONS

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https://doi.org/10.5281/zenodo.17511081

ARTICLE INFO

Received: 29th October 2025
Accepted: 30th October 2025
Online: 31st October 2025

KEYWORDS

efficient spending of budget funds, financing, higher education institutions, financial independence, income and expenses, modernization of higher education

ABSTRACT

Laws adopted with the aim of determining the priorities of systemic reform of higher education in our country, training highly qualified personnel with modern knowledge and high spiritual and moral qualities, independent thinking, strengthening the legal basis for the development of the education system in our country

Introduction

It is well known that in recent years, Uzbekistan has prioritized the systematic reform of higher education, aiming to develop modern knowledge, nurture highly qualified professionals with strong moral and ethical values, and foster independent and critical thinking skills. In this regard, special attention has been given to modernizing the higher education system, enhancing the quality of training, and promoting socio-economic development through the application of advanced educational technologies.

To achieve these objectives, the Presidential Decree of the Republic of Uzbekistan No. PF-5847 dated October 8, 2019, “On Approval of the Concept for the Development of the Higher Education System of the Republic of Uzbekistan until 2030”, was adopted. This decree approved the national concept for the long-term development of higher education and defined key strategic directions for its implementation. Moreover, it established the Republican Higher Education Council as a non-governmental, non-profit organization based on the existing Public Council under the Ministry of Higher and Secondary Specialized Education and the Council of Rectors of Higher Education Institutions of Uzbekistan.

A significant aspect of the decree is its emphasis on ensuring the financial independence and sustainability of higher education institutions, strengthening their material and technical capacity, and enhancing the efficiency of financial resource utilization. The decree also outlines specific measures aimed at reinforcing the financial stability of universities and expanding their funding sources. In addition, according to the decree, higher education institutions are permitted to establish endowment funds and apply venture financing mechanisms in the development of the higher education system. These initiatives are designed to promote innovation, attract private investment, and strengthen the financial autonomy of universities in the long term.

Literature Review

It is worth noting with satisfaction that the Concept also envisages the establishment of non-state higher education institutions, including those based on the principles of public-private partnership. By 2030, it is planned to increase the number of such higher education institutions to 35. In recent years, one of the key legislative acts adopted to strengthen the legal framework for the development of the education system in Uzbekistan is the Law of the Republic of Uzbekistan "On Science and Scientific Activity," adopted on October 29, 2019. This law serves as one of the fundamental legal documents aimed at further promoting scientific development in the country, enhancing the effectiveness of research activities, supporting and encouraging organizations and scholars contributing to the advancement of science, and clearly defining sources of funding for scientific activities. A separate chapter of this law—specifically, Chapter 5—is devoted to the financing of science and scientific activity, elaborating on the directions of funding, the necessity of efficient use of financial resources, and the overall essence and purpose of such expenditures.

It is also appropriate to emphasize that, according to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 967 dated December 3, 2019, "On the Gradual Transition of Higher Education Institutions to a Self-Financing System," significant changes have been introduced in the system of financing higher education institutions. Under this resolution, ten universities with stable financial performance, sufficiently developed material and technical bases, and high demand for their bachelor's and master's programs in the education services market were selected to transition to a self-financing model on an experimental basis. These institutions were granted a range of academic and financial autonomies, marking an important step toward enhancing their institutional independence and sustainability.

In accordance with this resolution, a number of powers were also granted to the Boards of Trustees of higher education institutions. Among the most significant are the following: a) approval and discussion of the business plan developed for the financial year of the higher education institution (which includes the main performance indicators of the institution, the objectives of the personnel training system, the expected results, and their analysis), as well as the approval and evaluation of income and expenditure parameters;b) granting permission to the higher education institution to purchase and write off vehicles and other fixed assets (except for buildings and structures), as well as to carry out capital repairs and reconstruction of buildings and facilities;c) discussion and approval of the institution's annual and periodic financial reports;d) addressing issues related to the development and financial activities of the higher education institution, including the establishment of a target capital fund (endowment fund);

e) in necessary cases, upon a justified request from the rector of the institution, consideration of matters related to obtaining loans from national commercial banks to support the financial activities of the institution; f) defining the main directions of the institution's activities, including the introduction of new faculties, bachelor's programs, and master's specializations; g) in coordination with the relevant ministry or agency, determining the powers of the rector

and the academic council of the higher education institution, including making changes to the expenditure estimates and staffing schedules, defining the scope of authority for purchasing fixed assets, and managing the institution's funds, material assets, and property;
h) introducing a performance-based remuneration system within the higher education institution and determining its procedures [2].

It is worth emphasizing that over the past three years, such legislative reforms have accelerated significantly, and their legal foundations have been further strengthened. In particular, in 2020, the Cabinet of Ministers of the Republic of Uzbekistan adopted Resolution No. 517 dated July 26, 2020, *"On the approval of the regulation on the procedure for material incentives for professors, teachers, and other categories of employees of higher education institutions from extrabudgetary funds,"* as well as Resolution No. 824 dated December 31, 2020, *"On measures to improve the system related to the organization of the educational process in higher education institutions."* These resolutions comprehensively defined the sources and conditions for additional incentives for professors, teachers, and other staff, as well as outlined measures for the further development of the higher education system.

An analysis of the developments in 2021 also reveals that the legal framework ensuring the financial sustainability of higher education institutions was further consolidated. Alongside the creation of legal grounds for granting financial autonomy to many universities, particular attention was paid to the effective and targeted use of financial resources. Notably, this period saw the adoption of several key regulatory documents, including the Order of the Minister of Higher and Secondary Specialized Education No. 53-2021 dated December 30, 2021, *"On the approval of standards for the ratio of students to one teacher by academic field in higher education institutions"*; the Cabinet of Ministers' Resolutions No. 527 dated August 18, 2021, *"On measures to regulate the allocation of educational loans for tuition fee–based education in higher, secondary specialized, and vocational education institutions"*; No. 563 dated September 9, 2021, *"On measures to increase the level of student accommodation coverage in national higher education institutions"*; No. 605 dated the same date, *"On measures to introduce a reimbursement system for rent payments made by students living under rental agreements"*; and No. 585 dated September 17, 2021, *"On measures to provide financial support for higher education to female students from socially vulnerable families, orphans, and those deprived of parental care."* Moreover, in the final month of 2021, two particularly significant documents were adopted regarding the higher education system, its financial security, and the effective utilization of institutional funds. These were the Presidential Decrees of the Republic of Uzbekistan No. PQ-60, *"On additional measures to ensure academic and organizational-administrative independence of state higher education institutions,"* and No. PQ-61, *"On measures to grant financial autonomy to state higher education institutions,"* both issued on December 24, 2021.

According to these resolutions, a list of 36 higher education institutions granted financial autonomy in Uzbekistan was approved. Beginning on **January 1, 2022,** these institutions were given authority to make independent decisions on the following matters: a) determining tuition fees for contract-based education, taking into account demand in the educational services market; b) setting and extending payment deadlines for students' tuition fees; c) hiring local and foreign professors, teachers, and specialists capable of applying modern pedagogical technologies and conducting scientific research on a contractual basis; d) determining remuneration for foreign highly qualified specialists involved in academic and research processes based on market conditions; e) developing norms for introducing staff positions for professors and teachers; f) allocating scholarships and grants to students from the institution's own funds; g) purchasing educational and scientific literature, textbooks, and manuals directly from copyright-holding producers abroad; h) establishing procedures for providing paid services in unused buildings and facilities; i) setting annual mileage limits and maintenance requirements for vehicles owned by the institution [3].

In addition, the financing procedure for state higher education institutions granted financial autonomy was revised to include the following provisions:

a) the average cost per student for all educational directions and levels of study is calculated; b) state budget funds allocated for training specialists under the state order (grant-based education) are determined based on the average cost per student, in accordance with procedures established by the Cabinet of Ministers;

c) budget funds for students studying on state grants are transferred based on agreements between the respective ministries or agencies and the higher education institutions (excluding targeted funds such as stipends, social protection payments for orphans and children deprived of parental care, postgraduate education expenses, and other allocations based on presidential or governmental decrees);

d) budget funds allocated for grant-based education (excluding targeted funds) are transferred to the institution's off-budget treasury account, and any unspent balance at the end of the reporting period remains at the institution's disposal;

e) income and expenditure estimates related to both state-funded and contract-based education are registered with the relevant ministries or agencies and managed under procedures similar to those established for the Development Fund of Budgetary Organizations. In this case, changes to the income and expenditure estimates during the fiscal year do not require approval from the Ministry of Finance; f) tuition fees for contract-based education are determined based on the average cost per student, ensuring that they cover the full financial sustainability of the institution, support its future development, and remain competitive within the education services market [3].

It should also be noted that, in addition to the aforementioned provisions, higher education institutions granted financial autonomy have been provided with the following additional privileges: a) state higher education institutions are exempt from taxation in accordance with the provisions of the Tax Code; b) such autonomous higher education institutions are entitled to all tax benefits established by law for higher education entities; c) a reduced social tax rate of 12 percent is applied to state higher education institutions granted financial autonomy [3].

Conclusion and Recommendations

In our opinion, it is also necessary to emphasize that the measures aimed at improving the legal framework of the higher education system in Uzbekistan have been continuously implemented over the past several years and are still ongoing. In particular, Presidential Decree No. PQ-279 of June 16, 2022, *"On the Organization of Admission Processes to State Higher Education Institutions,"* and Cabinet of Ministers Resolution No. 419 of August 1, 2022, *"On Approving the Procedure for Financing State Higher Education Institutions Granted Financial Autonomy for Training Personnel on the Basis of the State Order (State Grant),"* serve as clear evidence of this progress. Notably, Resolution No. 419 also approved the *"Regulation on the Procedure for Financing State Higher Education Institutions Granted Financial Autonomy Based on the Average Cost per Student."* This document establishes the methodology for calculating the volume of budgetary allocations for higher education institutions through the application of baseline expenditure norms. It also defines the financing procedure from the State Budget and provides a detailed table for determining the basic normative costs of current expenditures required to educate one student, including remuneration for teaching staff according to academic fields. In our assessment, such reforms, on the one hand, create additional opportunities for the further development of the higher education system in Uzbekistan, expansion of funding sources, and enhancement of financial sustainability in universities. On the other hand, they underline the necessity of ensuring efficient and transparent use of the significant financial resources—particularly budgetary funds—entrusted to higher education institutions

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