



American Economist
Journal of Economics Finance
and Global Policy

Participatory Budgeting: How Civic Initiatives Changing Finance

Urmonov Jahongir Jaloldinovich - *Doctor of Economic Sciences, Professor, Head of the Department of "Economic Disciplines" of the University of Public Safety of the Republic of Uzbekistan.*

E-mail: urmonov_jahongir@mail.ru

Abstract

Maqolada tashabbusli budjetlashtirish tizimining joriy etilishi, uning iqtisodiy mohiyati va afzalliklari, tashabbusli budjet jarayonlarida fuqarolarning ishtirok etish tartibi, budjet mablag'larini to'g'ri va samarali sarflash, tashabusli budjetlashtirishni takomillashtirish bo'yicha taklif va tavsiyalar ishlab qiqilgan

В статье рассматриваются вопросы внедрения системы инициативного бюджетирования, её экономическая сущность и преимущества, порядок участия граждан в процессах инициативного бюджетирования, правильное и эффективное расходование бюджетных средств, разработаны предложения и рекомендации по совершенствованию инициативного бюджетирования

The article deals with the implementation of the system of initiative budgeting, its economic essence and advantages, the procedure for the participation of citizens in the processes of initiative budgeting, the correct and efficient spending of budget funds, proposals and recommendations for improving initiative budgeting are developed.

Keywords: Tashabbusli budjetlashtirish, ochiq budjet axborot portal, budjet platformasi, moliyalashtirish, iqtisodiy muammo.

Инициативное бюджетирование, открытый бюджетный информационный портал, бюджетная платформа, финансирование, экономические проблемы.

Initiative budgeting, open budget information portal, budget platform, financing, economic problem.

This work is Licensed under a Creative Commons Attribution 4.0 International License.

1.Introduction. Within the framework of reforms carried out in Uzbekistan, increased attention is paid to the involvement of the population in the process of budget allocation and activation of civil society participation on the basis of establishing a feedback mechanism and opening platforms for constructive dialog between the population and local authorities.

Participatory budgeting is directly related to public finance and is becoming the object of regional public finance policy everywhere.

According to the decree of the President of the Republic of Uzbekistan, dated 28.01.2022 № UP-60 “On the Strategy of Development of New Uzbekistan for 2022 - 2026” provides for the allocation of at least 5 percent of the budget of each district to address the most pressing problems identified on the basis of proposals of the population in the framework of the program “Citizens' Budget”.

According to the decree of the President of the Republic of Uzbekistan, dated 11.09.2023 № UP-158 “On the Strategy ‘Uzbekistan - 2030’ provides for ”Introduction of the practice of directing the funds of the neighborhood (mahalla), according to the vote of residents, to infrastructure projects in the neighborhood, increasing the amount of funds allocated to solve problems in the neighborhood, not less than 3 times. Bringing the amount of funds allocated for infrastructure improvement, at the initiative of the population, to **24 trillion** soums (target-74).

This is a tool that increases the efficiency of budget funds use by prioritizing the use of budget funds based on the interests of citizens and effective mechanisms of public control.

The population actively puts forward proposals to address certain social problems of their neighborhood, settlement and district through the openbudget.uz platform. These can be proposals, for example, to improve infrastructure, provide drinking water supply, repair and install street lighting, repair and equip schools, build children's and sports grounds, parks, improve the environmental situation, and so on.

The specifics of the practice of implementation of participatory budgeting projects, as well as further steps to involve citizens in the process of nomination, selection and implementation of civic initiative projects in Uzbekistan are disclosed below.

2.The concept and essence of participatory budgeting.

Participatory budgeting (often social budgeting) is a financial instrument of formation of budget expenditure estimates, allowing to direct them to the solution of socially important problems. It provides reflection of social priorities and needs of the population of the region, district, city, neighborhood (municipality).

In developed countries, “Participatory Budgeting” programs are applied on the basis of two practices¹:

- joint financing of projects, including attraction of own funds of initiative citizens, individual entrepreneurs and legal entities along with budget funds (these funds are directed to the implementation of specific initiative projects in accordance with the Budget Code).

- The method of projecting in the context of spheres (method of intersectoral projecting), in which voting is carried out by identifying the most important social problems.

Both practices are oriented towards the involvement of civil society in the effective spending of public funds, which requires an in-depth study of the effectiveness of these processes in the long term.

¹ Polatov D., Hamidov H. Анализ экономических реформ, направленных на развитие системы «инициативное бюджетирование» // Financial worker's handbook. Bulletin. 2022. - № 4 (124). - С. 56-57. - <http://tcmf.uz/ru/pages/view?q=%2Fpages%2Fview&slug=spravochnik-fmansovogo-rabotmka-4-aprel-2022>

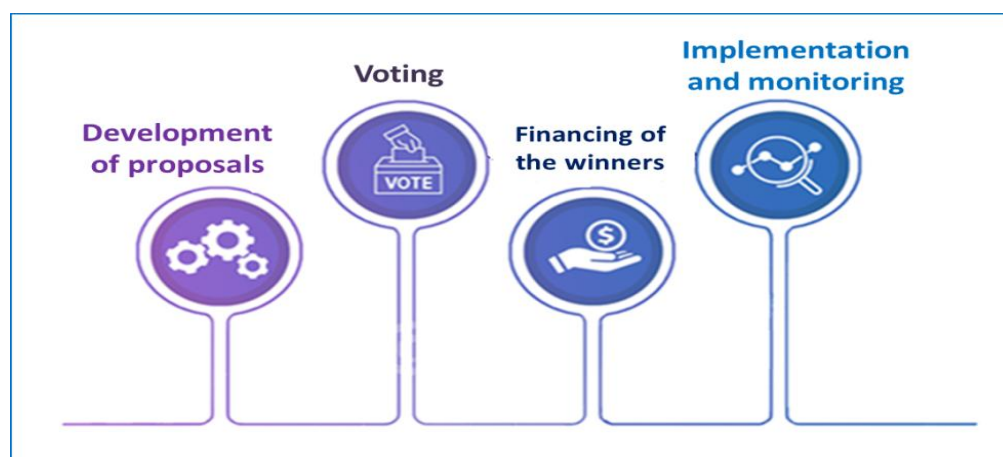


Fig-1. Stages of implementation of proactive budgeting²

Participatory budgeting is a modern, effective method of financing projects, in which citizens of Uzbekistan directly participate in the distribution of a certain part of the state budget. This mechanism allows for a more efficient allocation of public resources. This is evidenced by the results of evaluation of financing of participatory budgeting projects implemented in the regions of the republic in recent years.

“Open Budget” - a program that allows Uzbek citizens to participate in the distribution of part of the budgetary funds of their district, city and region. Residents can both place their own initiatives and vote for existing ones.

“Open Budget” is based on the concept of participatory budgeting. This practice originated in 1989 in Brazil and involves the participation of citizens in choosing priorities for budget spending.

The first vote on the “Open Budget” took place in 2021, and the allocated budget then amounted to 530.5 billion soums. The Ministry of Finance presented the new program as “an opportunity not only to control, but also to participate in the processes, starting from the process of formation of budget funds and ending with their spending”. “Open Budget” is held **twice a year**.

Accelerating the achievement of the Sustainable Development Goals through participatory budgeting

Adopting and expanding IS practices helps the government in poverty reduction, thereby contributing to Sustainable Development Goal (SDG) 1, which calls for “ending poverty in all its forms” through access to

²https://ifmr.uz/publications/articles-and-abstracts/open_budget

education, health care, markets, etc. In addition, IS is of particular importance in the development of rural areas with poor infrastructure, where most roads are unpaved and difficult to use during the rainy season. For most of the year, poor road conditions make it difficult for people to travel to work and for children to go to school. This factor impedes trade, making it difficult for rural areas to access domestic and regional markets, thereby affecting economic growth. It thus serves to accelerate the achievement of the UN Sustainable Development Goals (SDGs) through citizen participation in the budgeting process.

At the same time, it provides for direct participation of the neighborhood population in local self-governance by putting forward initiatives to spend a certain part of budget funds.

This mechanism of solving social issues through voting for local budget initiatives (nomination of socially important projects, selection, further public monitoring of project implementation) allows citizens to participate in prioritizing the allocation of budget funds and direct them to the solution of socially important problems.

3. World experience.

In recent decades, the interest to participatory budgeting in the world practice has significantly increased. The main types of global practices of participatory budgeting include:

- Participatory budgeting or “Porto Allegri model” (Brazil, the first major experiment in the history of proactive budgeting, 1989).
- Social Investment Funds (SIF), in which financial projects are allocated on a competitive basis.
- Community Driven Development (CDD) projects are distributed by donors (WB, UN agencies, etc.) among project participants based on objective criteria (poverty level, remoteness of the region, etc.). The implementation of SIF-type projects started in Bolivia in 1989. They were most actively implemented in Latin America and Africa, as well as in Eastern Europe and Central Asia (Uzbekistan);
- Community Led Local Development (CLLD) projects - agencies of the European Union.
- Mixed practices (example: Rural Development Project, Kyrgyzstan, WB).

Participatory budgeting projects are widespread all over the world. One of the first projects was in Brazil (Porto Alegre), then the practice spread to Latin America, Asia, Africa, North America (Fig. 2). Already by 2005 the practice was spread in more than 40 countries of the world.

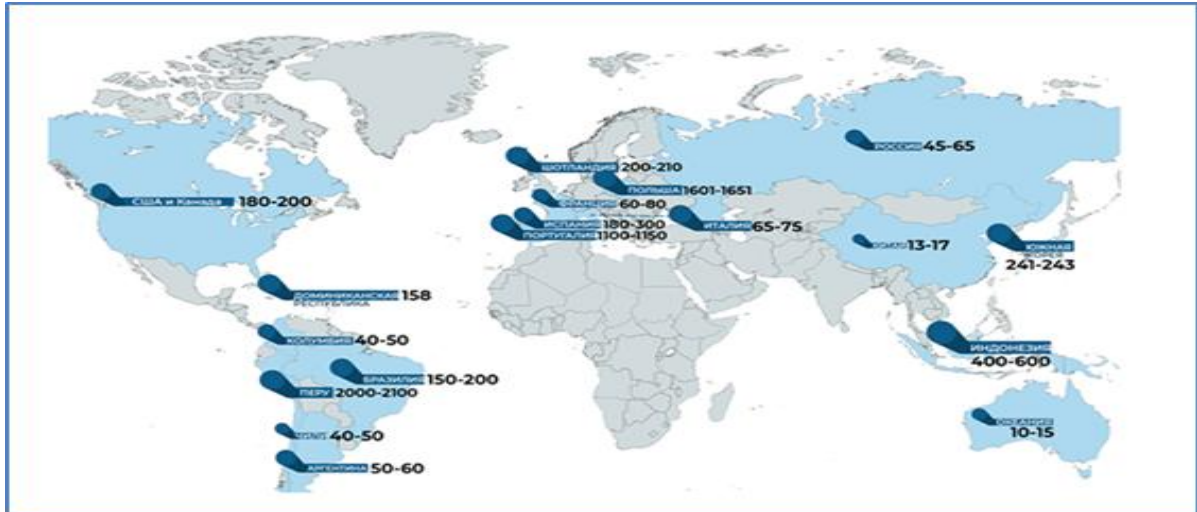


Fig-2. Spread of participatory budgeting projects in the world
(Source developed according to the World bank, *Participatory budgeting for 2021*).³

Currently, the practice of participatory budgeting is successfully applied by more than 7,000 cities in Europe, Latin America, South-East Asia, including Uzbekistan⁴. In world practice, the participation of local population in the distribution of budget revenues is from 10% to 60% of the budget. In particular, in the Russian Federation 10-30%, in Colombia 60%, in the Dominican Republic 15%, in Spain 50% and in Brazil up to 20-40% of citizens participate in the distribution of budgets on the basis of initiative projects (Fig-3)⁵.

³ https://ifmr.uz/publications/articles-and-abstracts/open_budget

⁴ Hope for Democracy. 30 Years of Participatory Budgeting Worldwide / Ed.by Nelson D.Epopeia Records, 2018.638p.

⁵ <https://www.participatorybudgeting.org/what-is-pb/> - website of the International organization GlobalPBHub. 25 Questions about initiative budgeting: a textbook / V.V.Vagin, Timokhina, and council. - Moscow: T8 Publishing Technologies, 2017. - 46 c.

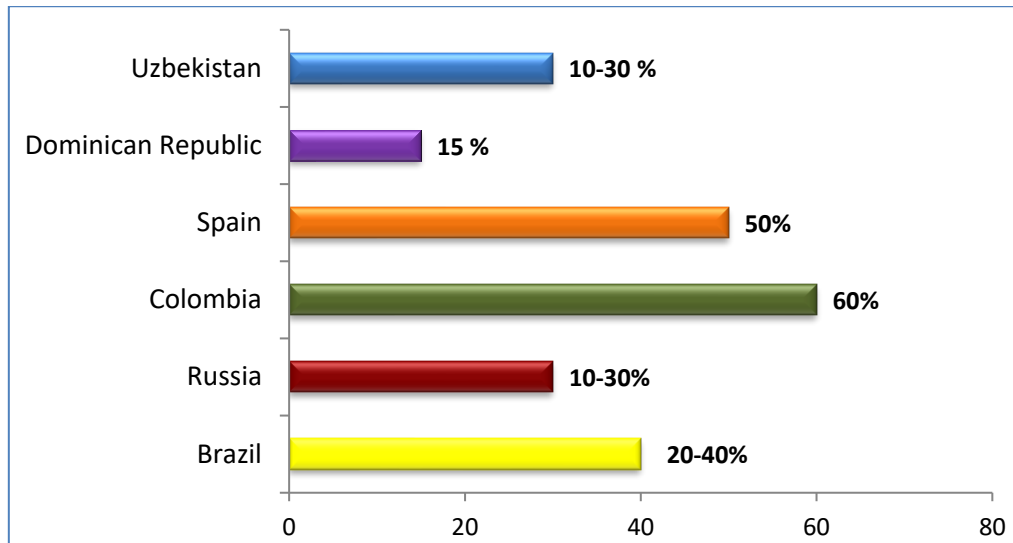


Fig-3. Participation of population in the distribution of budget revenues in some foreign countries %⁶

In Europe, local governments in Italy, Spain and France were the first to introduce participatory budgeting in 2001 (by 2014, Paris becomes the largest financing scheme in Europe). The first European capital to introduce a city-wide mechanism of participatory budgeting based on electronic voting was Lisbon (2008), “green” participatory budgeting to finance sustainable development (2019).

In the U.S., the final actual integration of participatory budgeting into the policy of fiscal openness occurred in 2013-2015 (in New York the experiment began in 2011, in Chicago since 2009).

Based on the experience of the city of Boston (USA), which is a good example of successful non-governmental implementation of budgeting based on public participation. The non-profit private company Local Initiatives Support Corporation has been operating in Boston since 1983 and during this time has invested more than \$286 million of its own funds in the development of the city. At the same time, the company has managed to attract more than \$1.7 billion in additional funds from private investors and organizations. Financial support was provided to both local

⁶ Compiled by the author

non-profit organizations and projects to create comfortable urban spaces. Successful attraction of additional funds for the implementation of urban initiatives is explained both by the extensive accumulated experience of American private foundations in fundraising and special tax benefits that social investors receive. For every \$1 of its own funds, LISC attracts an average of \$3 to \$4 of funds from investors and the public. Investors who invest from \$1 to \$2 million receive tax benefits of up to 50% for regional taxes and up to 35% for federal taxes.

The largest experiment *in China* and the world in the sphere of participatory budgeting was carried out in Chengdu (China). At the same time, 50 thousand projects were approved for the development of infrastructure, as well as agriculture, business and culture.

The Civil Society Coalition for Quality Basic Education in Malawi is a successful example of public efforts to monitor projects within the framework of participatory budget(it collects information on the results of school budget monitoring, identifies poorly maintained assets of public schools, comments on the timing of submission and utilization of budget funds).

PB practice is a program implemented within one region of the Russian Federation aimed at involving citizens in the budget process and citizen participation in budget decisions. In other words, it is an activity similar in its program and design, aimed at solving issues of local importance, with the help of budget funds allocated directly for this purpose.

The most well-known practices of participatory budgeting in Russia are: World Bank Local Initiatives Support Program, Participatory Budgeting, "People's Budget" and "People's Initiative" in various regions of the Russian Federation.

PPMP has been implemented in Russia since 2007 and is recognized as one of the best social programs of the World Bank. The program has implemented about 4,000 projects in eight regions of the Russian Federation: Stavropol Krai, Kirov, Tver, Nizhny Novgorod Regions, Republic of Bashkortostan, Khabarovsk Krai, Republic of North Ossetia-Alania, and Jewish Autonomous Region.

The distinctive features of this practice are: participation of citizens in the selection of priority projects, in the implementation and monitoring of projects, and co-financing. Participatory budgeting works in several municipalities of the Leningrad, Vologda and Kirov regions.

In 2017, the implementation of the federal project on the development of participatory budgeting in the Russian Federation continued. According to the results of the annual monitoring of the implementation and development of IS in the constituent entities of the Russian Federation at the end of 2017, 56 constituent entities of the Russian Federation were involved in the process of development of participatory budgeting to varying degrees. Over 14,000 IS projects were implemented in these regions, with total funding amounting to 14.5 billion rubles. Almost half of the amount was financed by the budgets of the constituent entities of the Russian Federation. Over 3.7 billion rubles are funds from the priority project "Creating a Comfortable Urban Environment". Many regions have managed to integrate citizen participation practices inherent in participatory budgeting into the implementation of the all-Russian project. However, the main thing that drew attention is a significant increase in the amount of co-financing of participatory budgeting projects by citizens and businesses. In 2017, this amount exceeded 1.1 billion rubles.

The sampling of significant and reliable studies allowed us to identify the most likely long-term effects of implementing participatory budgeting practices:

- increase in the evenness of distribution of benefits among residents. Participation of the poorest segments of the population in the distribution of budgetary resources reduces social inequality;

- increasing the transparency of the budget process for citizens. Involvement of citizens in the decision-making process on financing of individual initiatives allows increasing citizens' trust in the budget system of municipalities;

- Improving tax collection. Residents see a direct link between taxes paid and projects implemented, which reduces the number of citizens

willing to evade taxes. For example, in Brazil, tax collection has increased by more than 50%⁷ ;

-increased likelihood of re-election of the mayor. Municipal leaders who introduced participatory budgeting practices enjoyed greater support from residents during the election campaign.

Based on international experience, it can be noted that participatory budgeting is an important area of the Government's activity and is included in the state programs of socio-economic development at the central and regional levels.

4. Legislative basis for the introduction of participatory budgeting in Uzbekistan.

In Uzbekistan, the mechanism of participatory budget began to be introduced in 2019 after the adoption of the Presidential Decree № PP-3917 dated 22.08.2018. The efficiency of public finance management and the level of transparency of fiscal policy were assessed in advance. Since 2018 until today the information publication “Budget for Citizens” has been developed and published, and since 2019 the information portal “**Open Budget**” has been launched.⁸

Starting from 2020, the State budget and budgets of State trust funds have been adopted in the form of a legislative act. The practice of approving the expenditures of the republican budget by the chambers of the Supreme Assembly of the Republic of Uzbekistan, and local budgets by the representative bodies of local authorities has been introduced. The adopted innovations have been introduced in the normative acts regulating the use of budgetary funds by budget administrators and local authorities.

The mechanism of citizens' participation in the distribution of budgetary funds provides for directing a part of additional revenues of the budgets of districts (cities) to finance activities formed on the basis of public opinion. In 2021, these sources of funds allocated to citizens' initiatives are significantly expanded from 10 to 30% of additional revenues. In addition to additional revenues of district budgets, starting from 2022 in all districts (cities), 5% of the approved expenditures of local

⁷ Zakharchuk E.A. , Nekrasov A.A. , Pasinkov A.F. Бюджетирование на основе общественного участия: зарубежный опыт и практика применения в России. Financial: theory and practice. 2019; 23(1):

⁸ www.openbudget.uz

budgets are also allocated for the same purposes.

An important step to stimulate the population to participate in the formation of budget funds, to establish public control over their use was the adoption of the Decree of the President of RUz No. PP-5072 dated 13.04.2021⁹. In accordance with this normative act the following important measures were taken:

- phased introduction of a new procedure for allocating 5% of the approved total expenditures of the respective local budgets to finance activities formed on the basis of public opinion (starting from May 2021, this procedure is implemented in districts and cities according to the approved list, and from January 1, 2022 - in all districts and cities of Uzbekistan);

- increase from July 1, 2021 from **10 to 30%** of the minimum amount of additional funds of district and city budgets allocated on the basis of public opinion (for these purposes, the Ministry of Finance allocated an additional 92.7 billion soums from the national budget).

On July 9, 2021, the Ministry of Finance held a presentation of the updated information portal **Openbudget.uz**¹⁰. It publishes information on the state budget, state debt and created a section "Participatory budget". Through this portal, citizens have the opportunity not only to familiarize themselves with budget information, but also to participate directly and actively in the budget process in solving the most significant problems.

Citizens can submit proposals to solve the problems of their makhalla, settlement and district through the Openbudget.uz platform. This could be, for example, improvement of the city infrastructure, construction of parks, children's and sports grounds, improvement of the environmental situation and water supply, repair and installation of street lighting, repair and equipping of schools, and so on.

In accordance with the resolution of Council of the Senate of Supreme Assembly of RUz from 22.04.2021 №-213-IV the model regulation on the order of directing the funds of district and city budgets to the activities formed on the basis of public opinion was put into effect. The composition of the working commission on formation, assessment,

⁹ Decree of the President of RUz from 13.04.2021 №5072 "On additional measures to ensure active participation of citizens in the budget process"

¹⁰ This project was created with the participation and partial funding of UNDP. See: Openbudget.uz - Ministry of Finance created a transparent wallet. - <https://nuz.uz/obschestvo/1203072-openbudget-uz-minfin-sozdal-prozrachnyj-koshelyok.html>

selection and monitoring of measures implemented on the basis of public opinion, based on the specifics of the local community (in district and city governments) was approved¹¹.

Since 2024, the updated regulation was introduced according to the Resolution of the Senate Council of the Supreme Assembly of RUz dated 30.01.2024 №-666-IV “On approval of the regulation on the order of implementation and financing of the participatory budget process”.

Since the second quarter of 2021, funds from additional budget sources of all districts (cities) are directed to the “Citizens' Initiatives Fund” established under each district (city) government to finance the participatory budget process.

All data on the implementation of these projects are posted by governments on their official websites and the “Open Budget” portal. Local authorities of districts and cities are personally responsible for the timely allocation of budget funds for financing these activities, and the Ministry of Finance is charged with improving the established procedure for the formation of these funds, organizing training seminars and trainings, monitoring the implementation of projects, methodological and technical support.

The mechanism and stages of nomination, selection and public voting on civic initiative projects have also been revised, taking into account the expansion of funding.

The New Uzbekistan Development Strategy for **2022-2026** establishes the rule of allocating at least 5% of each district's budget to address the most pressing problems identified on the basis of suggestions from the population within the framework of the “Budget for Citizens” program (from Goal 21 of the Development Strategy)¹².

In connection with the adoption of the new “Development Strategy” in 2022, a number of innovations were introduced in the implementation of the “Open Budget”. Given that the majority of proposals received from citizens in 2021 are related to the repair and maintenance of internal roads in the oblasts (33.7% of all proposals), a new procedure for directing 50% of the funds allocated from the district (city) budget to the repair of internal roads from 2022 has been developed. Half of the funds planned for the

¹¹ Resolution of Council of the Senate of Supreme Assembly of RUz dated 22.04.2021 № 213-IV “On ensuring the participation of the population in the expenditure of local budgets”. - <https://lex.uz/docs/5411557>

¹² Development Strategy of New Uzbekistan for 2022-2026. Decree of the President of the Republic of Uzbekistan No. UP-60 dated January 28, 2021. - <https://lex.uz/ru/pdfs/5841077>

repair of internal roads will be directed to the most urgent road sections identified by citizens within the framework of the project “My Way” launched in the information portal “Open Budget”. Citizens' proposals were accepted from April 4 to April 19, and voting to select the most relevant projects took place from April 20 to April 29, 2022. A total of UZS 272.7 billion has been allocated for the “**My Way**” program for 2022¹³.

Since January 1, 2022, the procedure for directing 50 percent of funds allocated for repair of local internal roads in the parameters of the budgets of districts and cities to repair of internal roads determined on the basis of public opinion within the framework of the project “**My Way**” through the information portal “**Open Budget**” has been established.

In order to ensure openness of the budget process, district and city governments quarterly by the 25th day of the month following the quarter place information on financing of measures formed on the basis of public opinion on the official websites of district and city governments and the information portal “**Open Budget**”. In addition, at the end of each quarter, the governors will make a report to the Senate of the Supreme Assembly on the implementation of projects. At the end of each month, by the 10th day of the next month, they must publicize reports on financing and implementation of projects formed on the basis of public opinion, with the participation of the media.

As it is known, on April 30, 2023, a new Constitution was adopted by popular referendum. The updated Constitution will serve as the most important legal basis on the way of comprehensive regulation of all spheres of life of our society and democratic development of our country. The new norms included in the Constitution will contribute to the development of all spheres, including a more effective organization of state power.

Such principles of formation and execution of the State Budget as **openness and transparency** are enshrined at the constitutional level. Citizens and civil society institutions are granted the right to **exercise public control over the formation** and execution of the State Budget (Article 148). The Article guarantees this right.

¹³ www.openbudget.uz

The state system “Open Budget” realized today in our country creates opportunities for real realization of effective public control over the budget process, obtaining full and reliable information about the peculiarities of financial support of the tasks and functions of the state. This innovation will make it possible to involve citizens and civil society institutions in the processes of formation of the state budget, determination of its revenue and expenditure parts, implementation of budget legislation.

In general, in connection with the introduced amendments and additions, the number of articles of the Basic Law has increased from the current **128 to 155**, and the volume of norms of the **Constitution - by 65%**. The adoption of the Constitution in the new edition will lay a solid foundation for further improvement of people's welfare, accelerated development of the state and civil society on the basis of the principle “**In the name of honor and dignity of man**”.

Participatory budgeting is a part of the global trend of growing participation of territorial community, civil society institutions and individual citizens in determining the ways of development of their settlements. In each country the involvement of citizens is carried out in different ways, but everywhere the main goal is the active participation of citizens in the decision-making process on the expenditure of budget funds. This is especially important when the decisions made are directly related to territorial communities.

In addition, the projects of participatory budgeting allow to promptly include in the list of budget expenditures specific projects aimed at solving urgent problems of concern to citizens. While the traditional way of solving civic problems within the budgeting and management process requires at least three years, this process is almost halved with participatory budgeting.

The norms set forth in the constitution in the new edition, as a logical continuation of the above-mentioned work, create appropriate organizational and legal conditions and guarantees of formation of the state budget, determination of its revenue and expenditure parts, involvement of citizens and civil society institutions in ensuring its implementation, their wide and active participation in this process, implementation of public control.

The main thing is that with the help of this norm the embezzlement of budget funds, inappropriate or meaningless use of funds is prevented. Ensuring the targeted use of the state budget serves to provide the population with medical services, expand access to education, provide the necessary assistance to socially vulnerable segments of the population, housing, entrepreneurship and, in general, efficiency in all other spheres of life of the state and society.

5. Results and analysis of proactive budgeting.

Since the introduction of IS in the Republic of Uzbekistan as an experiment in 2021 turned into a major project in 3 years. In 2021, it was financed in the amount of 530.0 billion soums. By 2022, this figure tends to increase, a total of 2510.0 billion soums or 5 times more was allocated to the Participatory Budget project, of which 1955.0 billion soums budget funds and 555.0 billion soums is realized at the expense of additional funds from the local budget. The peak came in 2023, when a total of 4,000.0 billion soums or 8 times more than in 2021 was allocated to the “Participatory Budget” project, of which 2,300.0 billion soums budget funds and 1,700.0 billion soums was realized at the expense of additional funds of the local budget (Fig-4).

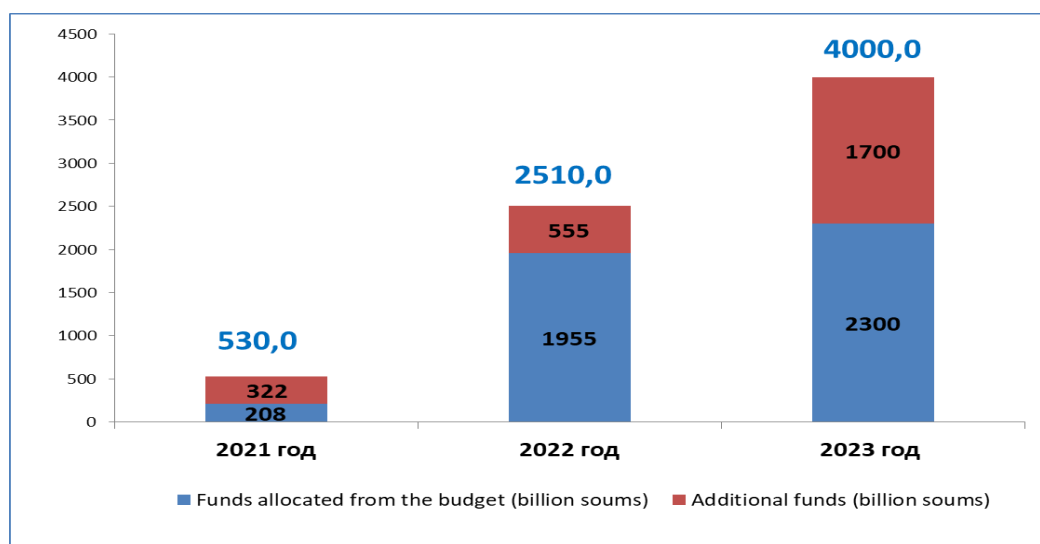


Fig-4. Funds allocated for financing participatory budget (mln.soums) ¹⁴

¹⁴<https://openbudget.uz/boards/execution-budget>

The expansion of the share of budget funds allocated to the IS resulted in a **2.5-fold** increase, and the votes of citizens participating in the selection of projects increased almost **10-fold**. The number of citizen proposals put forward increased from 28.7 thousand in 2021 to 69.7 thousand in 2022, and the number of citizen votes increased from 1.1 million to 6.7 million respectively. In addition, the number of projects selected for funding increased from 1,102 to 2,354. Behind these figures are real active citizens who, thanks to their own initiative, were able to solve infrastructure problems in their communities, making their lives and the lives of their neighbors better and more comfortable.

1-table

Results of participatory budget processes in the Open Budget portal in 2021-2025¹⁵

№	Type of season	Number of initiatives put forward	Funds allocated from the budget (millions)
1.	2025 Season 2	22 263	3 337,8
2.	2025 Season 1	28 399	3 359,8
3.	2024 Season 2	27 474	3 705,2
4.	2024 Season 1	35 575	3 026,3
5.	2023 Season 2	49 464	1 424,3
6.	2023 Season 1	55 970	2 882,8
7.	2022 Season 2	61 566	1 419,0
8.	2022 Season 1	69 699	1 201,2
9.	2021 Season 1	28 700	530,5

By the end of 2021, under the initiative budgeting project, the number of initiatives put forward amounted to 28700 and was funded in the amount of 530.1 billion soums, these figures doubled and by the end of 2025, the number of initiatives put forward amounted to 28700 and was funded in the amount of 6697.6 billion soums. The largest number of proposals from citizens are received for the repair of internal roads and

¹⁵<https://openbudget.uz/boards/execution-budget>

educational institutions, the construction of drinking water supply, sewerage and irrigation systems, and street lighting (Tab-1).

If in 2021 1.1 million people participated in the voting, in 2023 the number of participants exceeded 16 million in the first season alone. Also, for the first time, all neighborhoods of the republic participated in the Participatory budgeting program with their projects.

In 2021, more than 1,600 projects worth 530.1 billion soums were financed under the participatory budgeting project. The largest number of proposals from citizens was received on repair of internal roads (408) and educational institutions (367), construction of drinking water supply, sewerage and irrigation systems (131), street lighting (115).

In February-March 2022, 69.7 thousand proposals[4] were received in the process of active citizen participation on the participatory budget platform, most of which are related to the repair or construction of internal roads - 17.2 thousand (25% of all initiatives), schools - 10.1 thousand (15%), and preschool educational organizations - 4.4 thousand (6%). Citizens also submitted proposals related to the repair or installation of lighting systems, drinking water supply, playgrounds, repair of neighborhood buildings, gas and electricity supply and others

According to the results of voting for the first half of 2022 during the month until April 1, 2022, 6.7 million residents of the country voted on 40.2 thousand projects of the participatory budget. As a result, the largest number of votes was given to **2,215 projects**, for the financing of which **1.11 trillion** soums were allocated at the first stage. At the second stage, an additional 85.4 billion soums were allocated to finance 139 projects that received more than 2,000 votes during the voting within the framework of the participatory budget on the “Open Budget” portal.

According to the press service of the head of state, 57 trillion soums have been allocated to 9.5 thousand neighborhoods within the framework of participatory budget over the past three years. These funds were used to repair internal roads, kindergartens, schools and hospitals in 3.5 thousand neighborhoods, improve drinking water supply and sewage networks in 1.19 thousand neighborhoods, and carry out modern landscaping in 452 neighborhoods.

Based on the principle “**For the sake of human dignity**”, in 2023 the amount of funds allocated to neighborhoods reached 25 trillion soums. According to the Presidential Decree, 8 trillion soums have been allocated for financing within the framework of the “Participatory budget” in 2023. **8 trillion** soums is envisaged for 2023¹⁶. Of this:

-In the processes of “Participatory budget” in the district and city budgets, 2 trillion soums are envisaged;

-In the framework of “My Road” project 320 billion soums are planned in the district and city budgets;

- 4 trillion soums - for formation of “Welfare Village” and “Welfare Neighborhood” programs on the basis of public opinion.

Voting on the Participatory budget projects for the first half of 2023 has been completed in Uzbekistan. Citizens' initiatives collected a record 16 million votes (about 76% of the country's adult population), which is more than double the previous season's figure (7.8 million). Over 1,660 projects to repair schools, roads and other facilities will receive funding worth 1.57 trillion soums.

In the field of preschool education 91 projects won, school education - 689, music and extracurricular education -11, other educational institutions -62, sports institutions -39, health care institutions - 205, playgrounds - 16, recreation centers -10, street lighting -35, drainage system - 11, internal roads and walkways - 381, drinking water and sewage - 20, neighborhood centers - 20, cemetery improvement - 6, landscaping and gardening - 6, gas supply - 16 and others.

According to the results of the first season of 2024 “Open Budget” voting on the projects of the “Participatory budget” according to the Ministry of Economy and Finance, the residents of Uzbekistan gave 11.7 million votes, which is much less than the record 18.1 million votes in the last season, as from this year the principle of “**One person - one vote**” was introduced. Residents of 9443 neighborhoods submitted 35575 initiatives, of which 28919 were approved. The winners were 2770 projects from 2254 neighborhoods (1187 last time). It is planned to

¹⁶ president.uz/ru/lists/view/6141

allocate 3.3 trillion soums (1.31 trillion soums last time) from local budgets for their implementation

The 1st season of the initiative budget process in 2025 was completed, with 10 million 450,000 votes cast across the Republic and 2,369 projects worth 3.2 trillion won in the processes. The highest value for a project this season was 1 billion 500 million soums. Also, according to the results of the 2nd season of 2025 of the "Initiative Budget" process on the "Open Budget" portal, according to the Ministry of Economy and Finance, a total of more than 11 million votes were cast throughout the country during the processes. According to the results of the voting, 2332 projects worth 3.2 trillion soums were recognized as winners.

6. Conclusion.

In recent years, more and more attention is paid to strengthening the accountability of executive authorities, increasing the role of local councils, as well as the involvement of citizens in the discussion and decision-making at all levels.

How can participatory budget be useful to the population and local self-government in the regions? Participatory budgeting is not only a financial tool for monitoring the spending of budget funds under the guidance of civil society. Attention to it is growing as a social phenomenon, a positively proven mechanism for solving social issues of local importance.

“Open Budget” is a program that allows Uzbek citizens to participate in the distribution of part of the budget funds of their district, city and region. Residents can both post their own initiatives and vote for existing ones.

Public control over the use of budget funds is aimed at increasing the transparency and efficiency of the process of drafting projects for socio-economic development of the regions.

A special mechanism of public involvement through appeals received from citizens in the process of participatory budgeting serves as a tool for solving social problems in the regions. Citizens can participate in the distribution of a part of the local budget by voting for projects to

improve infrastructure, road construction, repair and equip schools and other initiative projects.

Participation in the participatory budget processes is carried out through the information portal “Openbudget.uz”. According to the results of voting, the winning proposals in each region are financed by the Civic Initiative Fund at the district and city levels.

Thus, social budgeting can be defined as a process through which the goals and priorities of society are better reflected in the development of public policy, especially in the state budget, which brings additional social, economic and managerial effects.

In order to improve the processes of financing participatory budget from the experience of best international practices of budgeting based on social participation, the following suggestions and recommendations are offered:

1. Introduction of public representatives into **expert councils** for the distribution of budget funds. This is the basis of the Western approach, as it allows increasing both the efficiency of financial resources allocation and the transparency of the budget process for citizens.

2. Development of a **methodology for assessing the socio-economic effects of implementation**. In order to select priority projects for the development of the municipality, it is necessary to have an accurate idea of what long-term effects in the economic and social sphere can be obtained from the implementation of projects.

3. based on international experience, **to introduce a procedure for co-financing of projects**, including the attraction of own funds of initiative citizens, individual entrepreneurs and legal entities along with budget funds.

4. Development of educational programs for the population on attraction of project investors. Fundraising technologies will allow the least well-off segments of the population to participate in projects that require co-financing.

5. **Provision of tax benefits** for the amount of investments to project participants. To attract social investors participating in the

implementation of municipal projects, it is possible to develop separate tax benefits and preferences.

The implementation of these directions will create additional opportunities for effective interaction between the state and the population in the sphere of budget financing, including the implementation of projects based on public opinion. Initiative financing projects will contribute to the expansion of the population's access to public goods, ensuring sustainable development of the national economy, in particular - increasing the welfare of citizens through more effective use of public and private investments. This is especially important for increasing citizens' trust in the state in the context of growing global instability.

Literature

1. Constitution of the Republic of Uzbekistan-2023.
2. Decree of the President of the Republic of Uzbekistan dated 04/13/2021 No. 5072 "On additional measures to ensure the active participation of citizens in the budget process.
3. This project was created with the participation and partial financing of UNDP. See: Openbudget.uz - The Ministry of Finance has created a transparent wallet. - <https://nuz.uz/obschestvo/1203072-openbudget-uz-minfin-sozdal-prozrachnyj-koshelyok.html>
4. Resolution of the Council of the Senate of the Supreme Chamber of the Republic of Uzbekistan dated 04/22/2021 No. 213-IV "On ensuring public participation in spending local budgets" - <https://lex.uz/docs/5411557>
5. The development strategy of the New Uzbekistan for 2022-2026. Decree of the President of the Republic of Uzbekistan dated January 28, 2021 No. UP-60. - <https://lex.uz/ru/pdfs/5841077>
6. Hope for Democracy. 30 Years of Participatory Budgeting Worldwide / Ed. by Nelson D. Epopeia Records, 2018. 638 p.
7. 25 questions about initiative budgeting: a textbook / V.V.Vagin, Timokhina, and the Council. Moscow: Publishing Technologies, 2017.46 p.

8. Zakharchuk E.A., Nekrasov A.A., Pasinkov A. F. Budgeting based on public participation: foreign experience and application practice in Russia. Finance: theory and practice.2019; 23(1):
9. Pulatov D., Khamidov H. Analysis of economic reforms aimed at the development of the "initiative budgeting" system // Financial Worker's Handbook. The bulletin. 2022.-№4 (124). - C. 56-57. - http://tcmf.uz/ru/pages/view?q=%2Fpages%2Fview&slug=spravoc_hnik-fmansovogo-rabotmka-4-aprel-2022
10. <https://www.participatorybudgeting.org/what-is-pb/>- the website of the International Organization GlobalPBHub.
11. www.openbudget.uz – an open portal for proactive budgeting.