

**BUDJETNI IJRO ETISHDA G'AZNACHILIK TIZIMINI TAKOMILLASHTIRISHNING  
FUNKSIONAL MODEL**

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**Annotatsiya.** Ushbu ilmiy maqolada mamlakat moliya tizimi barqarorligining muhim elementi sifatida byudjet ijrosining g'aznachilik tizimini kengaytirish masalalari ko'rib chiqiladi. G'aznachilik organlari faoliyatini doimiy ravishda takomillashtirish va modernizatsiya qilish shuni anglatadiki, byudjet sohasidagi tranzaksiya xarajatlarini sezilarli darajada qisqartirish va shunga mos ravishda O'zbekiston Respublikasining o'rta muddatli istiqbolda byudjeti ijrosi samaradorligi darajasini oshirish imkonini beradi.

**Kalit so'zlar:** byudjet, ijro, funksional model, takomillashtirish, g'aznachilik, davlat xaridlari, iqtisodiy siyosat, ijtimoiy siyosat, davlat maqsadli jamg'armalari.

**ФУНКЦИОНАЛЬНАЯ МОДЕЛЬ СОВЕРШЕНСТВОВАНИЯ КАЗНАЧЕЙСКОЙ  
СИСТЕМЫ ДЛЯ ИСПОЛНЕНИЯ БЮДЖЕТА**

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**Аннотация.** В данной научной статье рассматривается расширение казначейской системы исполнения бюджета как важнейший элемент стабильности всей финансовой системы страны. Подчеркивается важность постоянного совершенствования и модернизации работы органов казначейства, что значительно снизит транзакционные издержки в бюджетной сфере и, соответственно, повысит уровень эффективности исполнения бюджета в среднесрочной перспективе Республики Узбекистан.

**Ключевые слова:** бюджет, исполнение, функциональная модель, совершенствование, казначейство, государственные закупки, экономическая политика, социальная политика, государственные целевые фонды.

**A FUNCTIONAL MODEL OF IMPROVING THE TREASURY SYSTEM FOR BUDGET EXECUTION**

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**Abstract.** This scientific article scrutinizes the enlargement of the treasury system of budget execution as an essential element of the stability of the entire financial system of the country. The importance of continuous improvement and modernization of the work of treasury bodies is emphasized, which will significantly reduce transaction costs in the budgetary sphere and, accordingly, increase the level of efficiency of budget execution in the medium term of the Republic of Uzbekistan.

**Keywords:** budget, execution, functional model, improvement, treasury, government procurement, economic policy, social policy, government trust funds.

**Introduction.** The objective need to implement the goals of the socio-economic development of our state in modern conditions, characterized by insufficient funds from budgets of all levels, determines the increasing relevance of the search for measures and financial instruments to increase the efficiency of the use of budget funds and the effectiveness of public spending. To achieve the designated goals, as part of measures and mechanisms for increasing the efficiency of financial resources in the public administration sector and enhancing the effectiveness of budget expenditures, it is envisaged to introduce program-targeted methods of planning and financing, innovative treasury technologies accompanying the execution of budget expenditures at all levels, new methods of state financial control and financial management.

One of the main aims of the Uzbekistan economic policy is to maintain stability in the development of the economic and social sphere. If in the past this goal was understood as financial stabilization, now we are talking about the sustainable development of the entire socio-economic system in the medium and long term. This is a key criterion for achieving this political aim. The budget planning system is focused on balanced budget execution.

International practice in medium-term budgeting shows that in most cases, medium-term budget planning is implemented and implemented through separate, interrelated and phased processes, which are also referred to as frameworks.

**Methods of research.** Medium-term budget planning is first of all, a plan of budget revenues and

expenditures for many years ahead, which is called differently: long-term plan, forecast, estimates, etc. This review uses the term multi-year income and expense estimates.

Multi-year income estimates are an integral part of medium-term budget planning and serve as a kind of resource base for multi-year cost estimates. However, they may have features specific to specific countries.

In Austria and Germany, a series of mid-term income estimates are prepared during the budgeting process, which are periodically (annually or quarterly) updated and published as part of the medium-term financial plan. The United States is also preparing multi-year revenue estimates that reflect projected revenue receipts for all of the administration's proposals. A characteristic feature of the American system is that multi-year income estimates include forecasts of "tax expenditures," that is, long-term reductions in income due to the provision of tax breaks and exemptions from taxation.

The UK and Canada are compiling multi-year revenue projections in order to prepare estimates of multi-year spending ceilings. However, these ceilings are determined by the Treasury in a multi-year budgeting process. In Australia and New Zealand, multi-year revenue projections are continually compared with medium-term spending projections to identify potential future revenue shortfalls. These countries use advanced mathematical forecasting models to generate multi-year projections of income and expenditures during the multi-year budget process.

Estimates of multi-year costs are inextricably linked, first of all, with multi-year spending limits. In essence, limits mean spending limits, spending caps and have their own characteristics.

Multi-year limits can be drawn up in nominal terms, where the government sets a nominal spending ceiling and undertakes not to exceed this level. The government can also set a cap on the real level of spending and allow the nominal level to change as inflation forecasts are updated. The most difficult form of multi-year limits is to set limits on the volume of services provided.

Expenditure coverage plays an important role in setting limits. Most countries include central government spending in multi-year limits, with the exception of some expenditures as they are volatile in nature (interest payments, expenditures financed by external grants, unemployment benefits, and others).

Limits may be revised depending on the budget review cycle. In an annual budget review cycle, multi-year limits may be subject to change each time a budget is discussed, while in a multi-year cycle, spending limits remain unchanged for

several years and may change between cycles. Below is the experience of countries in addressing the above issues.

In Sweden, the main political obligation to comply with aggregate fiscal discipline is that central government spending does not exceed its nominal three-year limit. The cumulative ceiling covers all major central government spending.

The ceiling is not revised after installation and an additional year is added to the ceiling in the fall along with the budget. At the same time, nominal mid-term estimates are established for 27 directions of expenditures, which are updated twice a year to reflect changes in macroeconomic factors, volumes in the transfer system and policy changes.

In the UK and France, the medium-term budgetary framework includes a set of 25-30 ministerial-level ceilings for two or three years in nominal terms. Ministerial ceilings cover administrative costs, investment and some program costs. However, a broader range of items, including interest expense, social security benefits and unemployment benefits, are not covered by any medium-term expenditure obligation. Ministerial spending ceilings are used both to provide aggregate control over expenditures and to set overall priorities at the ministerial level.

In Finland, the government, at the start of its four-year term, decides to tie full-term budget spending ceilings in its government program. The ceiling is set in real terms, and annual spending decisions by central government are revised only in response to level changes.

However, in terms of ensuring macroeconomic stability, implementing programs for economic and social development, predictability of fiscal policy, the potential for annual planning is severely limited. The administrators and recipients of budgetary funds cannot predict their prospects outside the planned year.

With annual planning, fiscal discipline is possible in the sense of achieving results close to planned. However, the benefits of such fiscal discipline are limited to one year. It is possible to comply with the planned annual budget in terms of income and expenses, but in the end face a deficit that does not correspond to macroeconomic conditions. This is due not only to an inability to anticipate future macroeconomic changes and their impact on fiscal revenue, but also to an inability to assess how current budget decisions might affect future budgets.

The Strategy of Action on the five priority areas of development of the Republic of Uzbekistan in 2017–2021, adopted in 2017, changes the vision and approaches to the system of strategic planning of the prospects for state and social development. In this context, medium-term budget planning is

becoming not just the next stage of budget reform, but a necessary condition for achieving better macroeconomic and fiscal sustainability. Other prerequisites for the transition to UBS are the following:

1. Launched macroeconomic reforms and new initiatives require a strategic reorientation in resource allocation. Thus, in support of the liberalization of the exchange rate, it is planned to implement measures to ensure financial support for basic industries, to optimize the rates of customs payments, and to strengthen state support for socially vulnerable segments of the population. In 2017-2018, it is planned to increase the number of recipients of benefits for families with children under the age of 14 by an average of 1.5 times and recipients of material assistance to low-income families by an average of 2 times.

It is very difficult to reallocate resources between shifting priorities within the annual budget, as annual planning, by its nature, tends to validate previously made resource allocation decisions. Given the generally low level of freedom of choice in any national budget, reallocation of funds should take place on a longer-term basis.

2. Moving to medium-term budget planning will be of little value if it is not based on solid annual budgeting. This suggests that the problems in annual budgeting need to be addressed. In particular, the annual budget must be "credible". The 2012 PEFA assessment in Uzbekistan assessed budget execution as sound in terms of alignment with spending priorities set out in the budget.

3. The Concept of Administrative Reform<sup>4</sup> provides for the creation of a strategic planning system that allows for the formation of future models of innovative development of priority areas and industries based on long-term scenarios for increasing the country's intellectual and technological potential. In this context, it is planned to legislatively regulate the concepts of "short-term", "medium-term" and "long-term" development program. The setting of long-term and medium-term strategic priorities, the preparation of medium-term Concepts and roadmaps for their implementation, the development and adoption of long-term state programs for the development of economic and social sectors requires the determination of the volume and sources of their financing for the corresponding period.

Since 2018, a new procedure has been introduced for the formation and financing of development programs of the Republic of Uzbekistan.<sup>5</sup> In accordance with the new procedure, the Ministry of Finance, state non-budgetary funds must submit to the Fund for Financing State Development Programs of the Republic of Uzbekistan, the State Committee on Investments and the Ministry of Economy of the Republic of Uzbekistan annually by August 1

Uzbekistan forecasted volumes of receipts of funds for a three-year period for the formation and financing of projects included in state development programs.

4. Within the framework of the Program of Measures to radically increase the efficiency of organizing statistical activities, improve the quality of statistical information and the system of its dissemination for 2017-2021<sup>6</sup>, it is envisaged to introduce approved modern methods of statistical analysis, indicators, evaluation criteria and reporting forms that are widely used in foreign statistics. that meet international requirements and standards. The tasks are set for the introduction of modern methods of collecting and processing statistical data.

The transition to the calculation of macroeconomic indicators based on international methodologies will allow the use of new approaches and tools (econometric methods and models) in budget planning and make more accurate medium-term forecasts of budget parameters based on assessments of the impact of various macroeconomic factors.

5. The factors driving the transition from annual to medium-term budget planning are also the following:

- when forecasting future changes in macroeconomic indicators and their impact on fiscal revenues, it will be possible to specify in advance the sources of additional measures taken in the process of implementing government programs;

- mid-term planning will make it possible to assess the consequences of measures taken today on the budget in subsequent years (provision of tax incentives, cancellation or introduction of a tax or levy, increase in wages and pensions, borrowing foreign loans, etc.) and improve the fiscal policy taking into account possible risks and measures to control them;

- knowing the future tax policy of the state, the transparency of which will be achieved as a result of the adoption of the URS, investors will be confident in making their investment plans for the future period;

- setting spending ceilings by industry (ministry) will allow for more realistic forecasts;

- monitoring of the implementation of medium-term plans and tasks will increase the transparency of the formation and execution of the budget.

The methodology for calculating aggregated budgetary indicators ("top-down") provides for the determination of a framework for possible values of budget parameters based on assessments of the impact of various macroeconomic factors. For these purposes, it is necessary to use econometric methods and models to capture the relationship bet-

ween financial policy (financial decisions) and macroeconomic conditions in the medium term.

After identifying potential resources, ceilings for spending budget funds are established (distributed) by industry (ministry). Ceilings set spending limits in line with government priorities and give RBS and local governments an idea of the resources available.

It is preferable to define ceilings by industry,

which is consistent with the applicable functional classification of costs. At the same time, it is necessary to take into account that the State budget of the Republic of Uzbekistan includes the republican and local budgets, therefore the ceilings by industry will not give clear separate limits for the RBS and local budgets. Two options can be considered to solve this problem.

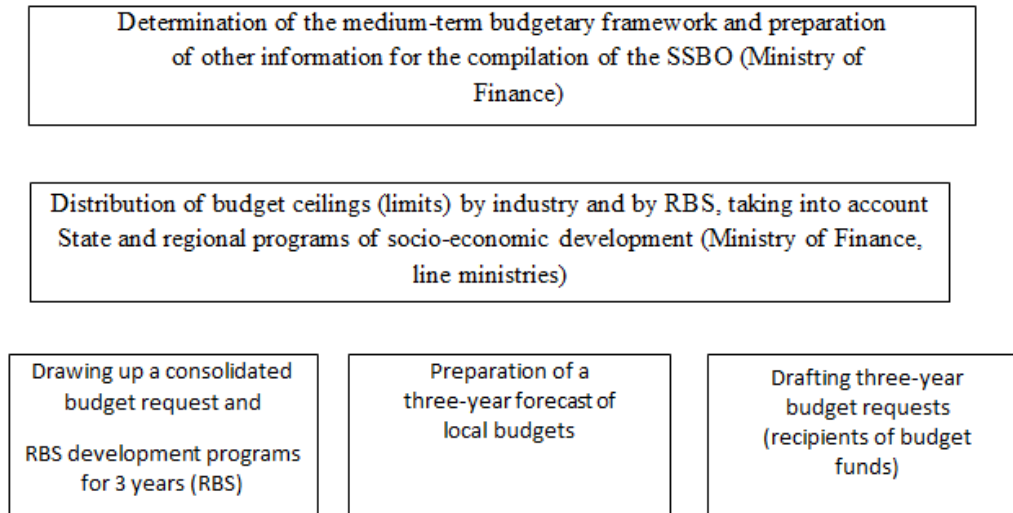


Fig.1. Medium-term budget planning scheme

The first option: while maintaining the current financial powers of the ministries, providing for the distribution of the budget only to the institutions subordinate to them, it will be necessary to determine the ceilings by industry and separately by RBS (ministries).

The second option provides for the expansion of the financial powers of line ministries, in particular, the transfer of powers to allocate the budget in the entire industry under their supervision (including the republican and local levels) and the establishment of ceilings only by industry.

To organize budget planning "top-down", it will be necessary to develop a separate module in the FMIS of the Ministry of Finance to determine total resources for the medium term based on macroeconomic indicators (GDP, inflation, current or future rates of taxes and fees, etc.) and the distribution of costs industries.

**Results.** In Uzbekistan the assessment and prevention of fiscal risks on a systematic basis are not carried out. However, evaluating and managing them is a necessary component in the transition to medium-term budget planning. Below are the main, in the opinion of the authors of this Concept, risks that can significantly affect the stability of the public finance system in Uzbekistan.

Sharp fluctuations in the national currency (more than budgeted). Budget expenditures that are carried out in foreign currency are subject to

changes depending on the exchange rate of the national currency. These are expenses for the repayment and servicing of external debt, regular membership fees to international organizations, the purchase of machinery, equipment and materials from abroad, and others. With a decrease in the exchange rate of the national currency, i.e. if the exchange rate at the date of payment is lower than budgeted, additional resources will be required, which may lead to underfunding of other equally important expenses. It should be noted that in the event of an increase in the rate of the national currency, there will be an opposite effect, i.e. there will be savings in budgetary allocations.

According to PP-3454 dated December 29, 2017 inflation is projected at 12-13%. If inflation is higher than the forecasted indicators, then the real cost of budget expenditures, namely, salaries of state employees and pensions (benefits), will decrease, which will lead to a decrease in real incomes of the population.

Ineffective or inadequate management of the activities of companies that received loans guaranteed by the government of Uzbekistan. In recent years, the government has taken measures to attract foreign investment and support business by providing guarantees to recipients of foreign loans. With an increase in the volume of loans secured by the government, there is a risk of non-fulfillment of loan agreements on the part of the recipients of

loans, which will require covering these costs at the expense of the budget (since this is a government guarantee).

In 2017, the government created a special fund (PP-3082 of 06/23/2017) to prevent the rise in prices for food products and to smooth out seasonal and other sharp fluctuations in demand and supply for food products in the domestic market. The sources of this fund are determined by the Ministry of Finance in the amount equivalent to 100 million US dollars (400 billion soums). These funds will be allocated on a repayable basis to procurement organizations, the list of which is approved by the government (the Republican Commission for Monitoring and Controlling Prices for Main Types of Socially Significant Food Products). There are two risks here. The first is associated with a situation where the change in supply and demand for food products may be so significant that the Fund's funds may not be enough to smooth them. In this case, additional funds from the budget will be required.

The second risk is associated with late return or non-return of the full amount of funds from procurement organizations. In this case, measures are provided to limit this risk. The Ministry of Finance has been granted an indisputable right to repay debts from all accounts of the debtor. However, a situation may arise when even the written off funds may not be sufficient to cover the debt. In this case, budget funds may again be required to replenish the Fund.

Deterioration of the financial position of the banking system. In 2017, the government provided financial support to commercial banks in the form of a financial injection of US \$ 500 million into their authorized capital (PP-3066 dated June 16, 2017). These funds were allocated at the expense of the Fund for Development and Reconstruction of Uzbekistan, and thus the state share in the authorized capital of banks was increased.

In the short term, this situation may repeat itself. Considering that in 2017, commercial banks allocated huge amounts of loans to business entities, that is, there is a risk of non-repayment of these loans. This risk may negatively affect the financial condition of banks and require additional financial support from the state.

Deterioration of the financial condition of large state-owned enterprises (Uzbekneftegaz, Uztransgaz, Uzbekenergo and others). In 2017, there was a sharp increase in gasoline prices (over 35%), which was justified by the unprofitableness of oil refineries due to the low level of capacity utilization. Without significant restructuring of these enterprises, there remains the risk of a repeated sharp increase in gasoline prices in 2018, which

will automatically increase budget expenditures (in particular, expenses for fuel and lubricants)

The prices of some commodities in the world tend to fluctuate, which is difficult to predict. In the event of a decrease in prices for strategic goods exported by Uzbekistan (gold, copper, cotton, gas), the lower included in the budget, there will be a risk of not receiving budget revenues in the form of taxes (excise tax on gold and cotton, etc.).

**Conclusion.** The government is taking measures to improve the business climate by simplifying the access of legal entities and individuals to bank accounts in national and foreign currency, credit resources, reducing the number of checks, simplifying registration procedures and doing business. Such measures are expected to boost GDP growth, which is projected at 5.9% for 2018. However, given the insufficiently fine-tuned mechanism for implementing the measures provided for in the State Program "Year of Support for Active Entrepreneurship, Innovative Ideas and Technologies", they may not meet the expectations for a radical improvement in the business climate. Accordingly, GDP growth will not be at the expected level, which creates the risk of a shortfall in budget revenues in the form of various taxes.

Increase in the number of budget recipients (creation of new ministries and departments). In 2016-2017, new structures (ministries, departments, funds) were restructured and new structures were created, financing of which is provided from the budget. These include the State Investment Committee, the Ministry of Innovative Development, State Fund for Supporting the Development of Entrepreneurship, the Fund for Financing State Development Programs and others. If an increase in the number of new budget recipients is not accompanied by a decrease in existing ones, or within certain limits, then there will be pressure on the revenue side of the budget in the form of finding new sources of income.

It depends on the quality of the forecasting indicators for both income and expenses. As a rule, the deviation of the actual indicators from the planned ones is strongly manifested in the revenue side - there are a lot of variable components. Although the plan of expenses during the year is also subject to strong changes - usually due to unforeseen circumstances. One of the ways to reduce this deviation is strict discipline in planning income and expenses and moving to a medium-term planning horizon.

To prevent fiscal risks and mitigate their consequences, within the framework of the development, it is proposed to prepare a report on fiscal risks and measures to manage them.

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## IQTISODIYOTNI RIVOJLANTIRISH SHAROITIDA ISHLAB CHIQRISH XARAJATLARI HISOBINING IQTISODIY MOHIYATI VA ASOSIY JIHATLARI

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**Annotatsiya:** Maqolada xo'jalik yurituvchi subyektlarda ishlab chiqarish xarajatlari hisobi o'rganilgan. Jumladan, ishlab chiqarish xarajatlari hisobining mohiyati va tashkil etishning asosiy jihatlari tizimli o'rganilgan. Xarajatlarni elementi bo'yicha tarkibi, strukturasi va dinamikasini tahlili hamda ishlab chiqarish xarajatlari hisobining yo'nalishlari o'rganilgan.

**Kalit so'zlar:** buxgalteriya hisobi, audit, iqtisodiy tahlil, moliyaviy tahlil, ishlab chiqarish xarajatlari, ishlab chiqarish xarajatlari tahlili, xarajatlar tarkibi, ishlab chiqarish hisobini tashkil etishning me'yoriy huquqiy asoslari tizimi, ishlab chiqarish moddiy xarajatlar, biznes-reja tahlili.

## ЭКОНОМИЧЕСКОЕ ЗНАЧЕНИЕ И ОСНОВНЫЕ АСПЕКТЫ РАСЧЕТА СЕБЕСТОИМОСТИ ПРОДУКЦИИ В КОНТЕКСТЕ ЭКОНОМИЧЕСКОГО РАЗВИТИЯ

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**Аннотация:** В статье исследуется расчет себестоимости продукции в субъектах хозяйствования. В частности, систематически изучается сущность расчета себестоимости продукции и основные аспекты организации. Изучены анализ состава, структуры и динамики элемента затрат и направления расчета себестоимости продукции.

**Ключевые слова:** бухгалтерский учет, аудит, экономический анализ, финансовый анализ, себестоимость продукции, анализ себестоимости продукции, структура затрат, система нормативно-правовой базы организации производственного учета, материальные затраты продукции, анализ бизнес-плана.

## THE ECONOMIC SIGNIFICANCE AND MAIN ASPECTS OF THE CALCULATION OF PRODUCTION COSTS IN THE CONTEXT OF ECONOMIC DEVELOPMENT

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**Annotation:** The article examines the calculation of production costs in business entities. In particular, the essence of the calculation of production costs and the main aspects of the organization are systematically studied. The analysis of the composition, structure and dynamics of the cost element, as well as the directions of the calculation of production costs are studied.

**Keywords:** accounting, audit, economic analysis, financial analysis, production costs, production cost analysis, cost structure, system of regulatory framework for the organization of production accounting, production material costs, business plan analysis.