

6. *I Karimov- Yashil iqtisodiyot va taraqqiyot, 2025. Qurilish korxonalarida investisiyalarni boshqarishning xorijiy tajribalari va ularni mamlakatimizda foydalanish yo'llari*

## FEATURES OF RESULT-ORIENTED BUDGETING

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**Abstract:** *The article examines the features of results-oriented budgeting, which is one of the current directions of reforming the budget process in the Republic of Uzbekistan. The study analyzes the theoretical foundations of ROB, international experience, the socio-economic significance of its implementation in the conditions of Uzbekistan, as well as emerging problems and ways to solve them. It has been established that the specifics of implementing the ROB system in Uzbekistan are related to factors such as medium-term planning, administrative reforms, reference infrastructure, and personnel training.*

**Keywords:** *budgeting, budget processes, budget planning, expenditure method, result-oriented budgeting, resources, benefits, budget reform, financial management, strategic planning, efficiency, state policy.*

In the context of economic development and modernization of public administration systems, result-oriented budgeting (ROB) occupies a stable place as one of the main mechanisms of modern financial management. Today, many countries, including Uzbekistan, are transitioning to this budgeting model in order to increase economic efficiency and improve the quality of public services. Result-oriented budgeting is a system of budgeting aimed not at the amount of funds allocated, but at the specific results and goals of the implemented state policy and programs.

In the Decree of the President of the Republic of Uzbekistan dated September 11, 2023 No. UP-158 "On the Strategy "Uzbekistan – 2030", the 46th goal is defined as "Ensuring fiscal stability and effective management of state obligations". To achieve this goal, one of the 5 performance indicators is planned to fully transition to the practice of "Result-Oriented Budgeting" by 2030<sup>35</sup>.

Also, one of the main goals of the Strategy for Improving the Public Finance Management System of the Republic of Uzbekistan is the development of the medium-term budget framework and the introduction of a new "result-oriented

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<sup>35</sup> Decree of the President of the Republic of Uzbekistan dated September 11, 2023 No. UP-158 "On the Strategy "Uzbekistan – 2030" // National Database of Legislation, 12.09.2023, No. 06/23/158/0694.

budget” (Program Budgeting) system for annual budget formation, for which the following were implemented<sup>36</sup>.

The significance of this study lies in the fact that the successful implementation of the result-oriented budgeting system will allow increasing efficiency and transparency in public administration, ensuring the principles of loyalty and targeting in the spending of budget funds. The article highlights the scientific and theoretical foundations of the specific features of ROB, their place and significance in practice, as well as the experience of developed countries and aspects of practical application in Uzbekistan. By correctly understanding and applying the specifics of result-oriented budgeting in practice, there is an opportunity to further improve the state financial system, increase budget efficiency, and ensure good public administration.

The introduction of new approaches to budgeting is an integral element of reforming the public sector management system and is aimed at introducing management business technologies into the activities of the state apparatus. Result-oriented budgeting (ROB) is a modern approach to the budget process aimed at increasing the efficiency and effectiveness of public services. In the USA, result-oriented budgeting began to be implemented in practice from the mid-1990s. American economist Allen Schick (Allen Schick) presented important analyses of ROB practice in his work. In his 2003 article, *The Performing State: Reflection on an Idea Whose Time Has Come but Whose Implementation Has Not*, he highlighted the problems of ROB in theory and practice<sup>37</sup>. Donald Moynihan (Donald Moynihan) in his 2008 paper *The Dynamics of Performance Management: Constructing Information and Reform*<sup>38</sup> studied how ROBs are applied in executive bodies and their impact on performance.

In our research, the technology of “result-oriented budgeting” can be considered a modern form of budget formation and execution. This technology represents the relationship between budget expenditures and the expected effect from these expenditures, the result achieved by the provision of budget services, and their social, economic efficiency and effectiveness<sup>39</sup>.

Countries that previously had a centralized system of economic management, as well as many Western countries, use the expenditure approach (input budgeting) in budgeting. This approach is characterized by a method of resource planning and distribution, in which the relationship between resources and the immediate results of their use, including the results of the activities of

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<sup>36</sup>Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 24.08.2020 No. 506 “On Approving the Strategy for Improving the Public Finance Management System of the Republic of Uzbekistan for 2020-2024”. <https://lex.uz/docs/4966572>

<sup>37</sup> Allen Schick, 2003. “The Performing State: Reflection on an Idea Whose Time Has Come but Whose Implementation Has Not”. *OECD Journal on Budgeting*, OECD Publishing, vol. 3(2), pages 71-103.

<sup>38</sup> Moynihan, D.P. (2008) *The Dynamics of Performance Management: Constructing Information and Reform*. Georgetown University Press, Washington DC.

<sup>39</sup> Primova N. Development of the Result-Oriented Budgeting Mechanism in Uzbekistan. // *Scientific-Electronic Journal “Green Economy and Development”*. 2024 No4.

state institutions, is very weak, i.e., cost budgeting is primarily focused on available resources.

In turn, result-oriented budgeting prioritizes the strategic goals and tactical tasks of state organizations (ministries and agencies), expected socio-economic results. This is done by mobilizing resources through appropriate programs. In addition, the starting point of result-oriented budgeting is the determination of direct and final results and indicators of budget expenditures, on the basis of which one can judge the degree of achievement of the set goals.

Let's consider the following as a practical example of a ROB:

Reforming the budget process based on the principles of the ROB is not an end in itself, but a means, an instrument of increasing the effectiveness of government bodies, encouraging them to focus their efforts not on self-service, but on priority areas for society.

What exactly does this mean? For example, resolving the issue of the need to transition to 12-year education and, consequently, the feasibility of financing such a reform:

based on the priority directions of state policy in the field of education;

- in comparison with the social significance of priorities in other areas, for example, in science, culture, healthcare;

- based on a thorough assessment of the expected results of these and alternative reforms;

- based on a thorough and comprehensive assessment of the effectiveness of previous educational reforms, primarily the transition to 11-year education. That is, based on data that allows measuring the actual results of 11-year education reform with sufficient accuracy with the expected results in the planned period and the actual required expenditures.

For this to be the case in practice, all stages of the budget process, as well as the functions of its participants, will be promptly reformed after the expenditure of large budget funds, without waiting for the ineffectiveness of any reform (or expenditure) to appear to the naked eye.

Thus, the ROB serves as a means of linking budget expenditures with priority areas. With such an approach, the probability that the established priority will not be just a challenge is much higher than with the cost approach to drafting the budget.

Maintaining the established practice of planning, financial management, and control of activities in the field of public administration leads to the following shortcomings of the cost model:

Responsibility for making financial decisions is concentrated at the highest levels of management, which are overloaded and often cannot receive incoming information sufficiently. The decision-making process, requiring numerous agreements, is dragging on. Decisions themselves sometimes become irrelevant.

- The level of responsibility at the lower levels of public administration decreases, and initiative is limited. There is no interest in saving funds and

effectively using local resources. The status and level of wages are determined by the number of subordinates, length of service, the volume of instructions to be performed, i.e., parameters not related to the final results.

- Incentives to increase costs per unit of work and services are constantly in effect, as officials, without having other opportunities to improve their lives, do not carry out internal rationalization, and periodically appeal with demands to increase maintenance costs.

The final results of the activity turn out to be secondary compared to compliance with self-monitoring financial discipline.

Such a system will sooner or later be on the brink of financial collapse. Budgetary allocations are constantly lacking, and the competitiveness of the public service in the labor market, along with its ability to withstand the ever-increasing complexity and scale of society's demands, begins to decline.

Based on the foregoing, it should be noted that the transition to result-oriented budgeting is not only a change in the financial reporting mechanism, but also the introduction of the entire philosophy of public administration, new principles of activity assessment and control. The ROB model allows for increasing the efficiency of the effective distribution and use of financial resources, considering the activities of government bodies as a means of achieving strategic goals.

The experience of foreign countries shows that the transition to ROB is a long-term (decades-long) and complex process, requiring a comprehensive approach, including not only the financial system, but also the administrative, information exchange, and personnel system. For the republic, this process is even more relevant, as there are such problems as the complexity and inadequacy of the medium-term planning system in our country, the uncertainty of the boundaries of powers and responsibilities between government bodies at different levels, and the lack of clarity of functional tasks.

In conclusion, the transition to results-oriented budgeting is an important factor in the economic development of Uzbekistan and improving the efficiency of public administration, the success of which requires a phased, consistent, and comprehensive approach in the interaction of all committees.

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## **"O'ZBEKISTON - 2030" STRATEGIYASI DOIRASIDA MOLIYA BOZORINI ESG TAMOYILLARI ASOSIDA RIVOJLANTIRISH**

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**Annotatsiya.** Mazkur tezisdá "O'zbekiston – 2030" strategiyasida belgilangan vazifalar asosida milliy moliya bozorini rivojlantirishning ustuvor yo'nalishlari, mavjud tizimli muammolar hamda ularni ESG (Environmental, Social, Governance) tamoyillari orqali bartaraf etish imkoniyatlari yoritilgan. Tadqiqot natijalari shuni ko'rsatadiki, fiskal barqarorlikni ta'minlash, davlat-xususiy sheriklikni kengaytirish, yashil iqtisodiyotga o'tish hamda moliyaviy institutlarda shaffof boshqaruvni kuchaytirish ESG yondashuvi bilan uyg'unlashganda moliya bozorining barqaror rivojlanishiga xizmat qiladi.

**Kalit so'zlar.** moliya bozori, ESG, barqaror rivojlanish, davlat-xususiy sheriklik, yashil iqtisodiyot, fiskal barqarorlik, investitsiya jozibadorligi, bank tizimi, strategiya.

Global iqtisodiyotda barqaror rivojlanish tamoyillari tobora ustuvor ahamiyat kasb etayotgan sharoitda moliya bozorining samarali faoliyati iqtisodiy o'sishning muhim sharti hisoblanadi. O'zbekiston Respublikasining "O'zbekiston – 2030" strategiyasi mamlakat iqtisodiyotini modernizatsiya qilish, investitsiyaviy jozibadorlikni oshirish hamda moliyaviy resurslarni samarali boshqarishga qaratilgan kompleks islohotlarni nazarda tutadi.

Strategiyada fiskal barqarorlikni ta'minlash, davlat majburiyatlarini samarali boshqarish, bank tizimini isloh qilish, qimmatli qog'ozlar bozorini rivojlantirish va yangi moliyaviy instrumentlarni joriy etish kabi vazifalar belgilangan. Shu bilan birga, yashil iqtisodiyotga o'tish, budjet xarajatlarini barqaror rivojlanish maqsadlariga mos ravishda markirovkalash hamda ekologik