

ANALYSIS OF THE CURRENT PRACTICE OF PERFORMANCE-BASED BUDGETING (PBB) IN UZBEKISTAN

Xushmurotov Zoyir Bektemirovich

Chief Specialist of the Department for Implementation of Program-Targeted
Budget Planning Methods and Evaluation of Budget Expenditure Efficiency,
Department of the State Budget, Ministry of Economy and Finance of the
Republic of Uzbekistan, PhD in Economics.

<https://doi.org/10.5281/zenodo.15797593>

Abstract This thesis outlines the implementation process, practical experience, and challenges of performance-based budgeting (PBB) in Uzbekistan. It also includes a comparative analysis of international practices, along with an evaluation of the legal, institutional, and strategic framework necessary for improving the PBB system.

Keywords: performance-based budgeting, program budgeting, indicators, monitoring, efficiency, reporting, international practice

Introduction in accordance with Resolution No. 506 of the Cabinet of Ministers of the Republic of Uzbekistan dated August 24, 2020, "On approval of the Strategy for Improving the Public Finance Management System of the Republic of Uzbekistan for 2020–2024", a new performance-based (program) budgeting system was introduced to ensure a strategic approach to fiscal and budget policy planning.

According to Presidential Decree PQ-4555 dated December 30, 2019, the budgets of the Ministry of Public Education, Ministry of Health, the Committee for Roads, and the Ministry of Water Resources were to be formed for 2021 based on qualitative and quantitative indicators within the PBB framework.

This decree also mandated the establishment of a Department for the Implementation of Program-Targeted Budget Planning Methods and Evaluation of Budget Expenditure Efficiency within the Ministry of Economy and Finance, consisting of five staff positions.

According to Presidential Decree PQ-422 dated December 25, 2023, target indicators were approved for 37 ministries and agencies.

Example Ministry of Preschool and School Education:
Final result indicator: Share of graduates from Presidential schools achieving high (A–C) scores in the international A-LEVEL certification (as a percentage of total graduates). **Indicator values:** 70% in 2024, 77% in 2025 and 2026.

On January 4, 2024, the Cabinet of Ministers approved Resolution No. 4 "On the procedure for developing, monitoring and evaluating the effectiveness of



budget programs by budget administrators within the framework of the implementation of program budgeting."

According to Presidential Decree PQ-455 dated December 25, 2024, target indicators were approved for 44 ministries and agencies.

Example Ministry of Higher Education, Science and Innovation:
Final result indicator: Number of higher education institutions offering internationally accredited programs. **Indicator values:** 5 in 2025, 4 in 2026, 2 in 2027.

In the "Uzbekistan – 2030" Strategy, the implementation of the PBB system is recognized under Goal 46 as a key reform for ensuring fiscal sustainability and efficient management of state obligations.

Public Administration Reforms and the Role of Core Institutions
As of January 1, 2023, the structure of the government was reformed:

The number of ministries was reduced from 25 to 21;

the number of independent executive bodies was reduced from 61 to 28.

Key institutions involved in the PBB process:

Cabinet of Ministers – provides political leadership and coordination;

Agency for Strategic Reforms – monitors implementation of the "Uzbekistan – 2030" Strategy;

Ministry of Economy and Finance – main coordinator of the PBB system and developer of the annual cycle and methodology.

Comparative Analysis of PBB Practices in Developed Countries Based on 6 Key Aspects for each aspect, 2–3 countries are selected and compared with the case of Uzbekistan:

1. Performance indicators for budget programs

United Kingdom: Indicators are submitted to Parliament in annual reports and linked to specific programs.

Netherlands: Indicators are coordinated with the Statistics Agency and include financial impact.

Singapore: Indicators are formed via the "Outcome Budget" model and assigned to responsible agencies.

Uzbekistan: Indicators exist, but lack standardized metrics and evaluation methods; regular reporting is absent.

2. Alignment of administrative and program structures

Australia: Ministries are fully responsible for their programs; a strict program-subprogram-activity hierarchy is in place.



Netherlands: Programs are aligned with administrative structures; specialized services and bodies are assigned.

Uzbekistan: Integration between administrative and program structures remains weak; responsibilities are not fully defined.

3. Involvement of Tier 1 and Tier 2 organizations

Netherlands: Subprograms involve specialized agencies, each assessed by results.

Uzbekistan: Tier 2 agencies are not fully engaged; some pilot integration exists, but not system-wide.

4. Structure of sectoral programs

South Africa: Specific KPIs and subprograms exist for water and education sectors.

Georgia: PBB introduced to enhance higher education quality and improve global rankings.

Uzbekistan: Strategic documents exist for water and higher education sectors, but not fully integrated into the PBB system; sectoral indicators are planned for 2025.

5. Annual performance reporting

Netherlands: Each budget program includes a separate performance report.

United Kingdom: Annual “Report and Accounts” submitted to Parliament.

Uzbekistan: Reporting templates exist, but submission is limited; since 2023, reports are sent to the Ministry of Finance, but not disclosed to Parliament or the public.

6. Monitoring and evaluation (M&E) systems

Netherlands: Independent auditors and statistical services monitor indicators.

South Korea: Each ministry is evaluated through a Performance Evaluation Committee.

Uzbekistan: Internal audit services conduct evaluations, but criteria are limited; independent external evaluations are not yet implemented.

List of References

1.Decree No. PQ-4555 of the President of the Republic of Uzbekistan (30.12.2019)

2.Decree No. PQ-422 of the President of the Republic of Uzbekistan (25.12.2023)

3.Decree No. PQ-455 of the President of the Republic of Uzbekistan (25.12.2024)

4.Resolution No. 4 of the Cabinet of Ministers of the Republic of Uzbekistan (04.01.2024)





5.“Uzbekistan – 2030” Strategy (12.09.2023)

6.OECD (2022). Performance Budgeting in OECD Countries. Paris: OECD Publishing.

7.IMF (2018). Fiscal Transparency Handbook. Washington, D.C.: International Monetary Fund.

8.World Bank (2020). Public Financial Management Reform in the Middle East and North Africa: An Overview of Regional Experience. Washington, D.C.

