



LATEST CHANGES IN THE SYSTEM OF FINANCING PROJECTS BASED ON PUBLIC OPINION

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ABSTRACT

This article highlights the recent changes in the financing system of projects formed based on public opinion in our country, specifically new projects being implemented within the framework of the "Participatory Budget" process through the "Open Budget" information portal in recent years, proposals made by citizens, the voting process, and the funding status of winning proposals.

KEYWORDS: *Public Opinion, Project, Budget, Financing Of Projects Based On Public Opinion, Local Budget.*

INTRODUCTION

One of the key principles of fiscal policy in a democratic society is ensuring citizen participation in the budgetary process. The budget holds not only economic but also socio-political significance. The involvement of the population in the budgeting process — that is, directly influencing the formation of revenues and expenditures — is an important factor in ensuring transparency, accountability, and efficiency in public governance.

The essence of citizen participation includes stages such as budget formulation, discussion, prioritization of resource allocation, and evaluation of spending outcomes. Such an approach transforms the budget system from a "top-down" model into a "bottom-up" one, guided by public opinion.

The Importance of Citizen Participation from Democratic and Governance Perspectives:

Participation in Public Governance: By expressing their opinions, citizens can directly influence government decisions. This helps strengthen the principles of democracy within society.

Public Oversight: Active citizen involvement in the budgeting process increases financial discipline, prevents corruption, and enhances the accountability of public officials.

Fair Distribution of Resources: Citizens' needs are directly taken into account, which ensures that resource allocation is based on the principle of social justice.

Socio-Economic Significance:

Effective Planning: Citizens serve as a direct source of information about the urgent needs in their local areas. This leads to more accurate and practical budget planning.

Social Stability: When people feel that their voices are being heard, they tend to develop a positive attitude toward the government. This fosters social trust and stability.

Economic Efficiency: Funds are allocated more precisely. Rational use of resources enhances economic outcomes.

Civic Engagement: Realizing that they contribute to the development of their community and country encourages citizens to become more active. This creates a foundation for a strong civil society[1].

In recent years, within the framework of economic sector reforms in our country, consistent efforts have been made to expand the use of economic and financial statistics and to introduce new mechanisms aimed at increasing the transparency of the budget process. Systematic measures have been implemented to improve the openness and transparency of budget data, as well as to strengthen parliamentary and public oversight over the formation and expenditure of budget funds.



For example, since 2021, the “Initiative Budget” project has been implemented twice a year, and the “My Road” project once a year, allowing the financing of projects formed based on public opinion. Starting in 2024, the “My Garden” and “My Kindergarten” projects are also being implemented annually on the basis of this mechanism. The “My Road” project ensures that at least 50% of the funds allocated from district and city budgets for road repair are directed based on citizen proposals. Through this initiative, people have the opportunity to provide direct feedback on the condition of roads in their local areas and actively participate in improving regional infrastructure. This contributes to greater transparency and public oversight. As a result of the project, many internal roads have been repaired, transportation has improved, and the overall quality of life for citizens has increased.

The “My Garden” project aims to establish “green parks” and “public green spaces.” At least 50% of the funds allocated from the national budget are used to finance projects developed based on public opinion. Project proposals must not exceed 250 million UZS in value, and voting is conducted annually in January–February through the “Open Budget” information portal.

The “My Kindergarten” project is also based on public proposals and focuses on the improvement and development of preschool institutions. Suggestions are submitted through the “Open Budget” portal, and a voting process is held. Funds for the winning projects are allocated not only from the national budget but also supplemented from local budgets based on decisions made by regional and Tashkent City councils.

METHODS

During the study, methods of systematic analysis, synthesis, economic-statistical, induction and deduction, grouping and comparative analysis were used in order to determine the theoretical and practical aspects of the effective organization of the financing process of projects formed on the basis of public opinion.

RESULTS

To further strengthen the broad involvement of the population in the process of financing projects based on public opinion, and to consistently continue efforts to allocate a portion of local budget funds in accordance with community needs and objections, a number of systematic measures have been undertaken. Based on the experience accumulated over the past period, several steps have been taken to improve and refine this system.

In order to encourage more active public participation in the initiative-based budgeting process being implemented across the country, and to swiftly address pressing local issues, a total of 1,418 projects proposed by 1,221 citizens’ assemblies (mahalla gatherings) — with a total value of 1 trillion UZS — were declared winners during the initiative budgeting campaign held between July and September 2022.

However, one of the major issues that emerged during this process was the failure of many important projects — which had received a large number of votes — to be successfully implemented. To address this challenge, under Presidential Decree No. PQ-409 dated October 25, 2022, titled “On measures to expand the scale of financing projects formed based on public opinion,” an additional 335 billion UZS was allocated to implement 364 projects that had each received more than 2,000 votes during the July–September 2022 initiative budgeting process but had not been selected as winners. This decision helped resolve the mentioned issue and ensured broader inclusion and fairness in the initiative budgeting system[7].

The scale of financing for projects developed based on public opinion has been increasing year by year in our country. This growth can be attributed, first and foremost, to the numerous infrastructure-related challenges that need to be addressed across the nation. In addition, this system is also serving—at least partially—as a solution to the corruption-related issues that have been occurring nationwide[5].

According to data from the “Open Budget” portal, a total of 105,434 project proposals were submitted during the two phases of 2023. In comparison, 131,265 projects were submitted in 2022, indicating a decrease in the number of submissions in 2023.

This decline can be attributed to the fact that many of the submitted projects in 2023 did not meet the required standards in terms of quality and clarity. While the number of submissions was higher in 2022, a significant portion of the projects did not pass the moderation stage and therefore did not proceed to the public voting phase[6].



In the second phase of 2023, a total of 98 projects were declared winners in Tashkent city, and 108 billion UZS were allocated for their financing. Of these:

- 72 projects were in the healthcare sector, with 81 billion UZS allocated;
- 17 projects focused on improving and renovating the material and technical base of general education schools, receiving 18 billion UZS;
- 4 projects targeted the preschool education sector, with 4.2 billion UZS allocated;
- An additional 5 projects, defined under relevant legal acts, were financed with 4.2 billion UZS.

It is also worth noting that 72% of the projects in Tashkent city were aimed at the development and renovation of the material and technical base of healthcare institutions. This highlights the high level of unresolved issues in this sector and suggests that these challenges should serve as a key reference point when planning the budget parameters for the coming year[5].

Since 2022, activities financed under the “Obod Qishloq” (“Prosperous Village”) and “Obod Mahalla” (“Prosperous Neighborhood”) programs have also been integrated into the participatory budgeting system. Within this framework, proposed initiatives are selected through public voting via the “Open Budget” information portal. According to this mechanism, 30% of the additional funds formed within regional budgets are allocated to the Citizens' Initiatives Funds of cities and districts. These funds are distributed equitably based on the population size and number of neighborhoods within each administrative unit, specifically to finance activities formed in line with public opinion.

Furthermore, at least 5% of city and district budgets — but no less than 6 billion UZS — have been allocated specifically to support participatory budgeting processes.

“Obod Qishloq” (“Prosperous Village”) and “Obod Mahalla” (“Prosperous Neighborhood”)

These are nationwide government programs in Uzbekistan aimed at improving and developing living conditions in both rural areas and neighborhoods. The main goals include upgrading infrastructure, enhancing access to social services, and improving overall quality of life.

Obod Qishloq (Prosperous Village)

Launched in 2018 by the President of the Republic of Uzbekistan, this program aims to:

- Improve rural infrastructure such as roads, electricity, drinking water, gas supply, and other essential services.
- Develop healthcare, education, and cultural services in rural areas.
- Support the growth of eco-tourism, agriculture, and rural industry.
- Enhance living standards and create new job opportunities for rural residents.

Obod Mahalla (Prosperous Neighborhood)

Started in mid-2018, this program focuses on urban and semi-urban neighborhoods (mahallas), which are considered the most essential social units in Uzbekistan. The main objectives include:

- Carrying out beautification works in neighborhoods, including housing renovation, water supply, sewer systems, and other infrastructure.
- Constructing social facilities such as schools, kindergartens, sports grounds, and other institutions.
- Creating new jobs and supporting local economic activity.
- Improving the living environment and strengthening social cohesion within communities.

Both programs serve as large-scale initiatives that bridge the state and civil society, contributing significantly to social stability and community-driven development across Uzbekistan.

In the first phase of the 2023 “Initiative Budget” project, over 16 million people across Uzbekistan participated in the voting process. This accounts for approximately 45% of the country’s population. During this phase, citizens submitted 33,680 project proposals aimed at improving roads, water supply, electricity, schools, kindergartens, and healthcare facilities.

Based on the final results, 1,666 projects were selected as winners, and a total of 1.6 trillion UZS was allocated for their implementation.

Starting from January 1, 2024, the “Mahalla Budget” system will be gradually introduced in all cities and districts of Uzbekistan. Furthermore, to expand the initiative budgeting practices and enhance the financial independence of local communities (mahallas), 10 trillion UZS will be allocated from the state budget in 2024 to finance projects



developed through public input. Of this, at least 4 trillion UZS will be directed toward the “Obod Qishloq” (Prosperous Village) and “Obod Mahalla” (Prosperous Neighborhood) programs.

Within the first phase of the 2024 initiative budgeting process, the maximum budget per project is capped at 1.36 billion UZS. The total amount allocated for this phase across the country stands at 3 trillion UZS [6].

Table 1.

Differences between the funds allocated within the framework of the 2024 and 2025 first semester of the initiative budget process, (in billions of soums) [6]

Region name	2024	2025	The difference
	Season 1	Season 1	
Republic of Karakalpakstan	215,54	241,96	26,42
Andijan Region	271,03	293,30	22,27
Bukhara Region	217,43	226,89	9,46
Jizzakh Region	194,19	142,21	-51,98
Kashkadarya Region	253,05	293,24	40,19
Navoi Region	157,4	133,79	-23,61
Namangan Region	257,94	256,84	-1,1
Samarkand Region	315,13	323,24	8,11
Surkhandarya Region	254,49	237,69	-16,8
Syrdarya Region	134,24	64,42	-69,82
Tashkent Region	360,66	312,37	-48,29
Fergana Region	350,15	400,61	50,46
Khorezm Region	197,15	198,70	1,55

In the first season of the “Initiative Budget” process in 2024, a total of 2,824 projects across 2,295 neighborhoods were selected for funding, with 3.4 trillion UZS allocated for their implementation. The voting process saw the participation of 11.7 million people.

In the first season of 2025, a total of 2,369 projects across 1,971 neighborhoods were selected for funding, with 3.3 trillion UZS allocated for their implementation. The voting process saw the participation of 10.4 million people.

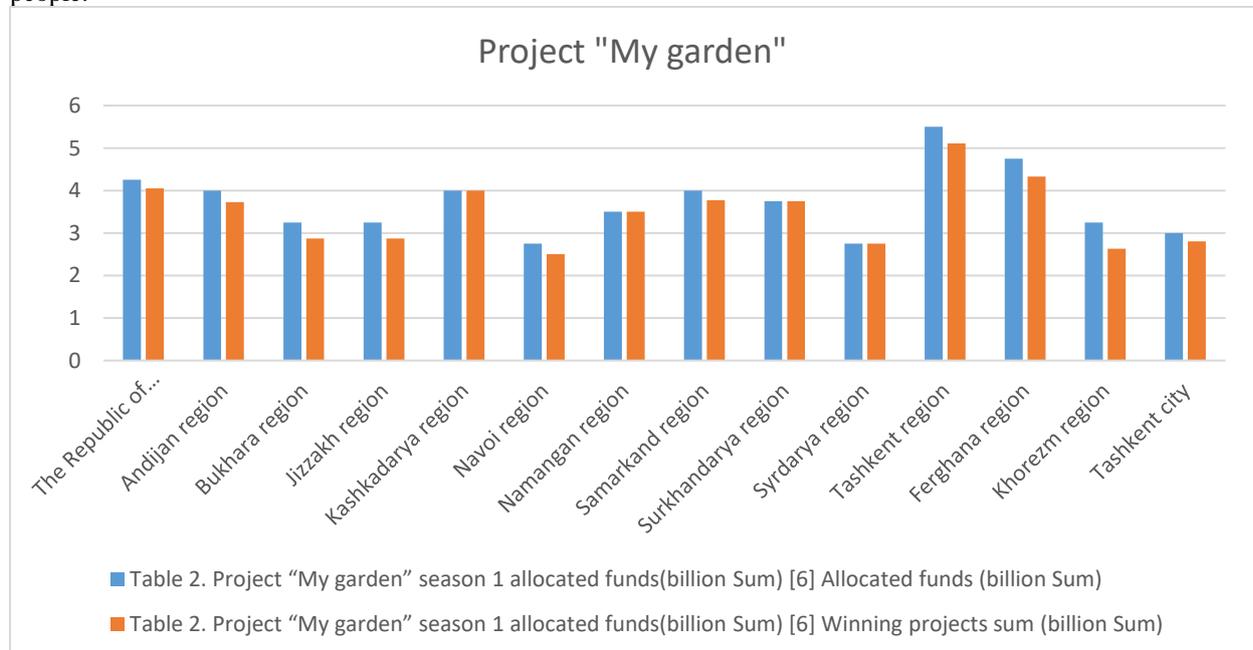


Figure 1. Project “My garden” season 1 allocated funds(billion Sum) [6]

In our country, for the first time, the “My Garden” project was held in June-July 2024. A total of 215 projects were selected as winners within the scope of the project, and 52 billion UZS was allocated for their financing.

Another new project, the “ My Kindergarten” project, was held for the first time in October 2024. Within this project, a total of 451 projects were selected as winners, with 397.6 billion UZS allocated for their financing.



DISCUSSION

If we analyze the differences between some foreign projects and their analogs in Uzbekistan, we can observe the following:

1. “Participatory Budgeting” - Brazil In Brazil, especially in the city of Porto Alegre, the Participatory Budgeting project began in 1989. In this project, citizens directly participate in determining how a portion of the city's budget will be spent. Differences:

- The “Participatory Budgeting” project in Brazil allows citizens to vote on the projects they propose. This project is implemented on a broader scale, involving all citizens to make decisions in sectors like social services, infrastructure, and education.

- On the other hand, Uzbekistan's “Tashabbus byudjet” (Initiative Budget) project is localized and focuses solely on financing local projects. In this project, only the local population can submit suggestions and vote on projects.

2. “MyStreet” - United Kingdom The “MyStreet” project in the UK has been implemented in many cities. In this project, citizens participate by suggesting improvements to their streets, such as installing new road signs, improving safety, etc. Differences:

- The “MyStreet” project in the UK focuses only on improving streets and local infrastructure, with citizens participating via social network platforms to submit their suggestions.

- In Uzbekistan, “Mening yo‘lim” (My Road) project is implemented as a specific initiative focused on improving internal roads and transport infrastructure. The proposals in this project are financed through the budget.

3. “Green Spaces” - France In France, the “Green Spaces” initiative aims to create or improve public parks and gardens, and green spaces. The project takes public opinion into account during urban planning.

Differences

- The projects in France emphasize ecological aspects during urban planning, with a focus on improving green spaces and the environment.

- In Uzbekistan, the “Mening bog‘im” (My Garden) project also aims to create green spaces, but it is more focused on the creation of public gardens and parks.

Uzbekistan’s “Tashabbusli byudjet,” (Initiative Budget) “Mening yo‘lim,” (My Road) “Mening bog‘im,” (My Garden) and “Mening bog‘cham” (My Kindergarten) projects are different from similar initiatives in foreign countries in that they are implemented at the regional and local levels. In foreign countries, such projects are more often part of strategic planning at the city or national level, covering various sectors and focusing on broader social and economic development. In Uzbekistan, however, these projects are more targeted at solving specific problems in certain sectors, with an emphasis on direct citizen involvement and initiative.

SUMMARY

The system of financing projects formed based on public opinion has not been in place in Uzbekistan for a long time. Although it has been a couple of years, it should be noted that initially, our citizens did not fully understand this process. However, starting from 2022, the people began to actively participate in this process. This is because they understood how problems could be solved and that this process is directly linked to them. They realized that they are the main participants in the process, that the projects to be implemented are also proposed by them, and that the winners can be determined through their votes. This process has also contributed to the development of our citizens in many ways.

Firstly, by ensuring their direct participation in the distribution of budget funds, we have seen an increase in the financial literacy of the people and their understanding of the distribution of budget funds. Secondly, our people have learned how to unite. They began to feel that they could solve small problems in their region through collective efforts and that the state supports them. Now, citizens have managed to ensure that public oversight is put in place during these processes. This has prevented corruption and has led to the timely and quality implementation of projects by contractors.

During the process of reforming the budget system of the Republic of Uzbekistan, scientific proposals and practical recommendations have been developed to improve the system of financing projects formed based on public opinion. These include:

-In the process of financing projects formed based on public opinion, the selection of winning projects should not only be based on the number of votes collected, but also on the percentage of votes received from the population of the region to which the initiative pertains.



-As an alternative to Uzbekistan's unique "Open Budget" portal, the introduction of the "Citizens' Panel" from the United Kingdom's experience could be implemented to achieve even better results.

-Just like in the Republic of Korea, the establishment of a "Call" center to engage our citizens more actively in the budget process should be considered.[5].

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