UZBEKISTAN

PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA) PERFORMANCE ASSESSMENT REPORT

October 4, 2024

MINISTRY OF ECONOMY AND FINANCE OF THE REPUBLIC OF UZBEKISTAN

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Uzbekistan

Public Expenditure and Financial Accountability (PEFA) Assessment

September 2024

The PEFA Secretariat confirms that this report meets the PEFA quality assurance requirements and is hereby awarded the '**PEFA CHECK**'.

PEFA Secretariat
September 30, 2024

Assessment management and quality assurance

BOX 1.1: Assessment management and quality assurance arrangements

PEFA assessment management organization

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Review of concept note and/or terms of reference

- Date of reviewed draft concept note and/or terms of reference: Invited reviewers: Patrick Piker Umah Tete (Senior Financial Management Specialist, EEAG2) Magdalena Tomczynska-Smith (IMF Resident Advisor to MoEF), Azizov Rustamkhon Kamalkhanovich Agency for Strategic Reforms under the President of the Republic of Uzbekistan PEFA Secretariat
- Reviewers who provided comments: Patrick Piker Umah Tete (Senior Financial Management Specialist, EEAG2) Magdalena Tomczynska-Smith (IMF Resident Advisor to MoEF), Azizov Rustamkhon Kamalkhanovich Agency for Strategic Reforms under the President of the Republic of Uzbekistan PEFA Secretariat
- Date(s) of final concept note and/or terms of reference: March 2024

Review of the assessment report

- Date(s) of reviewed draft report(s): September 2024
- Invited reviewers: Patrick Piker Umah Tete (Senior Financial Management Specialist, EEAG2), Magdalena Tomczynska-Smith (IMF Resident Advisor to MoEF), Azizov Rustamkhon Kamalkhanovich Agency for Strategic Reforms under the President of the Republic of Uzbekistan PEFA Secretariat
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Abbreviations and acronyms

BCG	Budgetary Central Government
CBU	Central Bank of Uzbekistan
CHU	Central Harmonization Unit
CG	Central Government
CoA	Chamber of Accounts
CoM	Cabinet of Ministers
DMFAS	Debt Management and Financial Analysis System
EBU	Extra Budgetary Unit
EGED	Effective Governance for Economic Development
GFMIS	Government Financial Management Information System
GFS	Government Financial Statistics
GFSM	Government Finance Statistics Manual
FCDO	Foreign, Commonwealth and Development Office
IFI	International Financial Institutions
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
IA	Internal Audit
ITC	Information Technology Center
KPI	Key Performance Indicators
MOEF	Ministry of Economy and Finance
MoEDPR	Ministry of Economic Development and Poverty Reduction
PD	Presidential Decree
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PPP	Public-Private Partnership
SAMA	State Assets Management Agency
SOE	State Owned Enterprise
STC	State Tax Committee
TSA	Treasury Single Account
UFRD	Uzbekistan Fund for Reconstruction and Development
UzASBO	Uzbekistan Automated System for Budget Organizations
UZS	Uzbekistani Soum

Methodology

1. **This 2024 Public Expenditure and Financial Accountability Performance (PEFA) report for Uzbekistan is the third such assessment, following assessments in 2012 and 2019.** The 2024 PEFA uses the 2016 methodology and a Climate Change PEFA has been conducted in tandem. The World Bank, as part of the Development Partners' support to Uzbekistan, initiated and commissioned the PEFA with the support of the United Kingdom's Foreign, Commonwealth and Development Office (FCDO) Effective Governance for Development (EGED) program in Central Asia. The Government Ministries, Departments and independent agencies covering external audit and legislature, and their officials were involved in the provision of information and discussions on relevant indicators under their ambit.

2. **Number of indicators used:** All 31 indicators and the 94 dimensions have been applied as was the case in the 2019 assessment.

3. **Timeline/Dates of mission:** In-county training was carried out from January 25 to 31, 2024, which included training workshop and meetings with key PFM departments that explained data requirements and the follow-up data collection through specific data questionnaires relating to each indicator. A follow-up mission was carried out between 14-26 April, 2024. A discussion on draft indicators was held with the Government during 10-14 June, 2024. Comments on a draft were as provided by the Ministry of Economy and Finance.

4. **Years covered:** The years covered were 2021, 2022 and 2023 and both internal and external audit reports were available.

5. **Cut-off date:** 14 June 2024.

6. **Coverage:** The coverage of the assessment was Central Government and included, where relevant to a PEFA Assessment, State-Owned Enterprises and Subnational Government.

7. **Sources of information:** The sources of information were the relevant Government Ministries, Departments and Agencies and their websites. The assessment team also met with the Chamber of Commerce and Industry. Annex 3B lists all officials and Agencies and Annex 3C the sources of information.

8. **Country fiscal year:** 1 January to 31 December

9. **Exchange rate:** As of March 31, 2024, 1 US$ was the equivalent of 12,655 Uzbekistani soums.

Executive summary

Purpose and management

10. **This 2024 Public Expenditure and Financial Accountability Performance (PEFA) report provides an assessment of Uzbekistan's progress compared to the 2019 PEFA assessment.** The 2019 PEFA formed the basis of the 2020-2024 Public Financial Management (PFM) Reform Strategy and Action Plan. The 2024 PEFA will serve as the basis for the development of a PFM reform strategy and action plan for the period 2025-2030. Both PEFAs followed the 2016 methodology.

Main strengths and weaknesses of the PFM systems in Uzbekistan

11. **The 2024 PEFA results reflect significant progress made during the 2020-2024 PFM Strategy period.** Uzbekistan has significantly modernized its legal framework to underpin PFM policies and practices. The amended Budget Code has helped the transition to a more medium-term and results-orientated fiscal policy framework. Principles of accountability and transparency have been strengthened across the whole budget cycle from planning, budgeting, and execution. Areas of budget execution (commitment control, and cash management), revenue management, and procurement stand out as areas of progress in institutional strengthening. Significant gains were also made in terms of coverage of the budget and the Treasury Single Account (TSA).

12. **However, PFM outcomes have also had to contend with significant institutional changes over the 2021 to 2023 assessment period.** From January 1, 2023, Uzbekistan undertook a significant institutional reform, which saw the number of independent executive authorities reduced from 61 to 28, and line agencies reduced from 25 to 21. The Ministry of Finance was reorganized to become the Ministry of Economy and Finance (MOEF) of the Republic of Uzbekistan~~.~~

13. **The implementation of the 2020-24 PFM Strategy suffered several implementation gaps and delays.** Weak points include linkages between strategic planning, macro-fiscal forecasting, and the annual budget process. It has proved challenging to implement Program Based Budgeting and Public Investment Management across sectors and levels of government. This also has been reflected in accounting practices, although the adoption of all International Public Sector Accounting Standards (IPSAS) standards has faced challenges in terms of ambition and current quality of outcomes, including the building of wide-spread capacity building and staff resourcing.

14. Information technology and associated software has been expanded to underpin PFM outcomes. IT applications were developed based on business processes (redefined as necessary) rather than the reconfiguration of business practices to suit particular software. Further integration is needed between existing GFMIS and UzASBO 2.0, the existing platform for budget preparation and execution. The integration and roll out of IT, internet and personnel enhanced skills through training, has had a positive impact on PFM performance. Performance can be further enhanced by greater availability of information on investment, fiscal risk and debt strategies in the public domain. IT systems could also be better developed to facilitate the annual and medium-term budget submission and review process by line agencies and territorial entities, reducing the workload for MEF in producing the consolidated budget.

Aggregate Fiscal Discipline

15. **Both revenue and expenditures outturns have not deviated significantly from the government's forecast.** Strong revenue administration ensured that revenues were efficiently collected. Treasury operations and cash management enabled expenditures to be managed within the available resources. Control of contractual commitments was effective and limited expenditure arrears. The strong internal and external audit functions have enhanced fiscal discipline. In-year data is available to manage in-year spending supported by the built-in instruments of control. The access procedures to IT systems and its overall integrity management have also ensured sound fiscal discipline.

16. **PFM reforms established targets for aggregate fiscal discipline in terms of overall debt and deficit to GDP levels.** While fiscal deviations have been limited in the assessment period, the authorities have also been working to strengthen mechanisms to ensure that fiscal discipline is effectively linked to medium-term budget predictability and public service outcomes. This has included macro-fiscal budget planning and forecasting, as well as the monitoring and mitigation of fiscal risks.

Strategic Allocation of Resources

17. **The Chart of Accounts allows multi-dimensional analysis of expenditure along administrative, economic and functional classifications.** However, the medium-term perspective in expenditure budgeting and link to strategic plans is not fully rolled out. The program budget approach set out in 2020 does not fully support the strategic allocation of resources. The quality of financial data is supported by a mature set of audit processes. However, non-financial indicators, including key outcome indicators, will need to be progressively improved in terms of scrutiny and quality.

18. **Public investment management practices have improved but further work is needed to integrate capital and recurrent budgeting.** The selection of investment projects considers strategic outcomes and uses economic analysis to generate the best return. The coverage and quality of financial and physical project implementation monitoring for all ongoing projects has been established and is linked to the payment process for work carried out. Quarterly monitoring of the implementation of all projects has ensured that what was planned is being delivered. While Operations and Maintenance (O&M) costs are assessed on an annual basis, they are not considered from a medium-term/project lifecycle perspective.

19. **The quality of analysis and reporting on the overall fiscal strategy and the implication of policy changes relating to the fiscal framework have improved but further work is needed to strengthen the strategic allocation of budgets and the link to performance.** Most of the key tools for strategic allocation of resources such as fiscal strategy, budget classification, regular in-year reports on expenditure according to policy priorities, regularized budget amendments and

virement procedures are in place. These cover tools for planning, monitoring implementation and controlling to plan. The authorities had planned a full roll-out of program budgeting. However, to realize this, several foundational building blocks will need to be strengthened on the part of submitting ministries and agencies, as well as for MEF in its challenge function to review and then consolidate the overall annual and medium-term budgets. Annual and medium-term budget envelopes for recurrent and capital expenditures are currently subject to dual budgeting. The ability of line agencies to articulate medium-term programs and indicators remains weak. Budget predictability for individual deconcentrated/territorial administrative units is weak, hindering efforts to link budgets and service delivery performance. While some ministries have performance indicators, these are not yet substantively linked to the budget processes. The transition to program-based budgeting across central and local governments will only be possible once some of these fundamentals are addressed. Expanding the budget to the medium term and linking resources to performance indicators will need to be realistically prioritized and sequenced over the next PFM strengthening strategy horizon to deliver tangible results across key service delivery and investment sectors.

Efficient Use of Resources for Service Delivery

20. **The accountability mechanisms supported by internal and external audits are effective as counter checks on inefficient use of resources.** The level of competitive bidding in public procurement is low, which may impact on the efficient use of resources. Performance targets and outcomes support the efficient use of resources in service delivery units but currently these are not sufficiently extensive in coverage to be wholly effective. On the revenue side, the credibility of tax assessments and the low levels of tax arrears are indicative of effective application of the principle of equal treatment of taxpayers and operational efficiency.

Internal Control

21. **The Ministry of Economy and Finance and Chamber of Accounts oversee the effectiveness of the internal control framework in the government ministries and their agencies**. The Central Harmonization Unit in the MOEF annually collects, consolidates and analyzes the information based on the annual reports prepared by various Internal Audit Units that cover virtually all salary and non-salary expenditures and all revenues. Internal audit standards are aligned with international standards. The Chamber of Accounts adopted audit standards for compliance, financial and performance audits based on the International Standards of Supreme Audit Institutions (ISSAI). The annual audit program is developed based on risk analysis and classification of potential risks. The State Assets Management Agency ensures effective oversight of State-Owned Enterprises supported by an annual external audit of their financial performance.

22. **The State Financial Control Inspectorate has a mandate to increase the efficiency of the State Budget, strengthen the prevention of violations of budget legislation and expand remote financial control.** The Inspectorate complements the activities of the Chamber of Accounts, the Ministry of Economy and Finance, the ministry's Central Harmonization Unit and the internal audit services of ministries and departments in the area of Financial Control.

23. **The Ministry of Information Technologies and Communications Development ensures that financial data integrity processes are independently monitored.**

Changes since the previous PEFA

24. **Both the 2019 and this PEFA assessment used the 2016 methodology.** Across the 94 individual dimensions compared, 37 dimensions have improved, eight deteriorated (three of which are due to lack of data for 2023) and no change in the score in 49 dimensions. This overall improvement in scoring occurred over a relatively high baseline achieved in 2018, which had 6 A scores and 12 B scores out of the 31 indicators. In the case of the revenue, it is likely that the score may well be A given the 2022 data, but the score could not be ratified because there is no data for audits carried out on the basis of risk on tax payers as identified by the risk assessment software used by the tax Committees for 2023 (Dimensions 19.3). The change in internal audit coverage score may be due to the previous score being higher than warranted. The change in the procurement legislation permits the Procurement Department to be involved in the complaint procedure whereas in the previous PEFA its equivalent did not participate.

25. **Improvements in dimension scores are spread across the three fiscal and budgetary outcomes**: 12 in Aggregate Fiscal Discipline; 11 in Strategic Allocation of Resources and 14 in Efficient Service Delivery.

26. **Figure 1 presents the indicators scores for 2024 PEFA and Figure 2 the indicator scores of both PEFAs to show the changes**.

Figure 1: Summary of PEFA scores by indicator

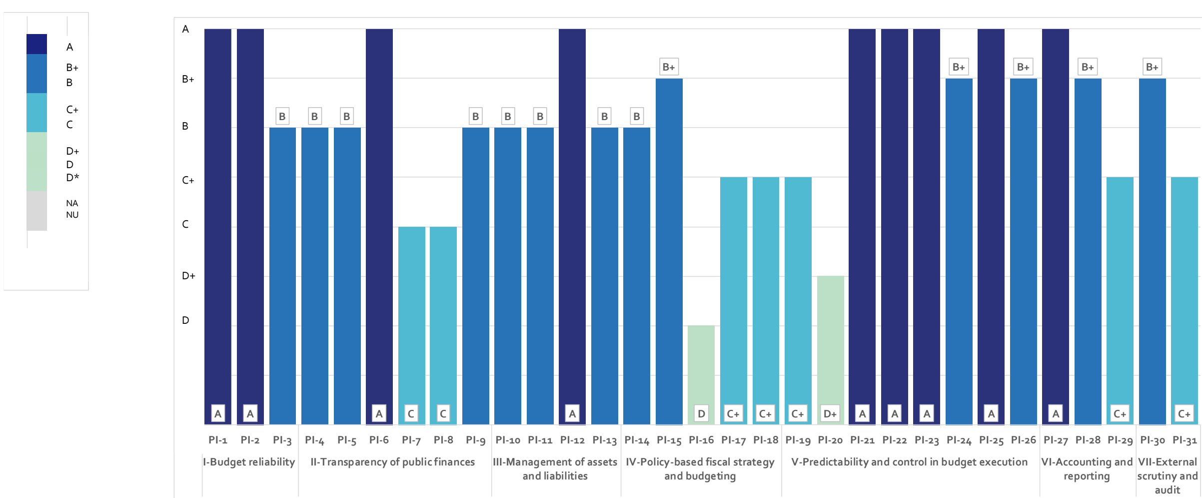

Figure 2. Comparison over time

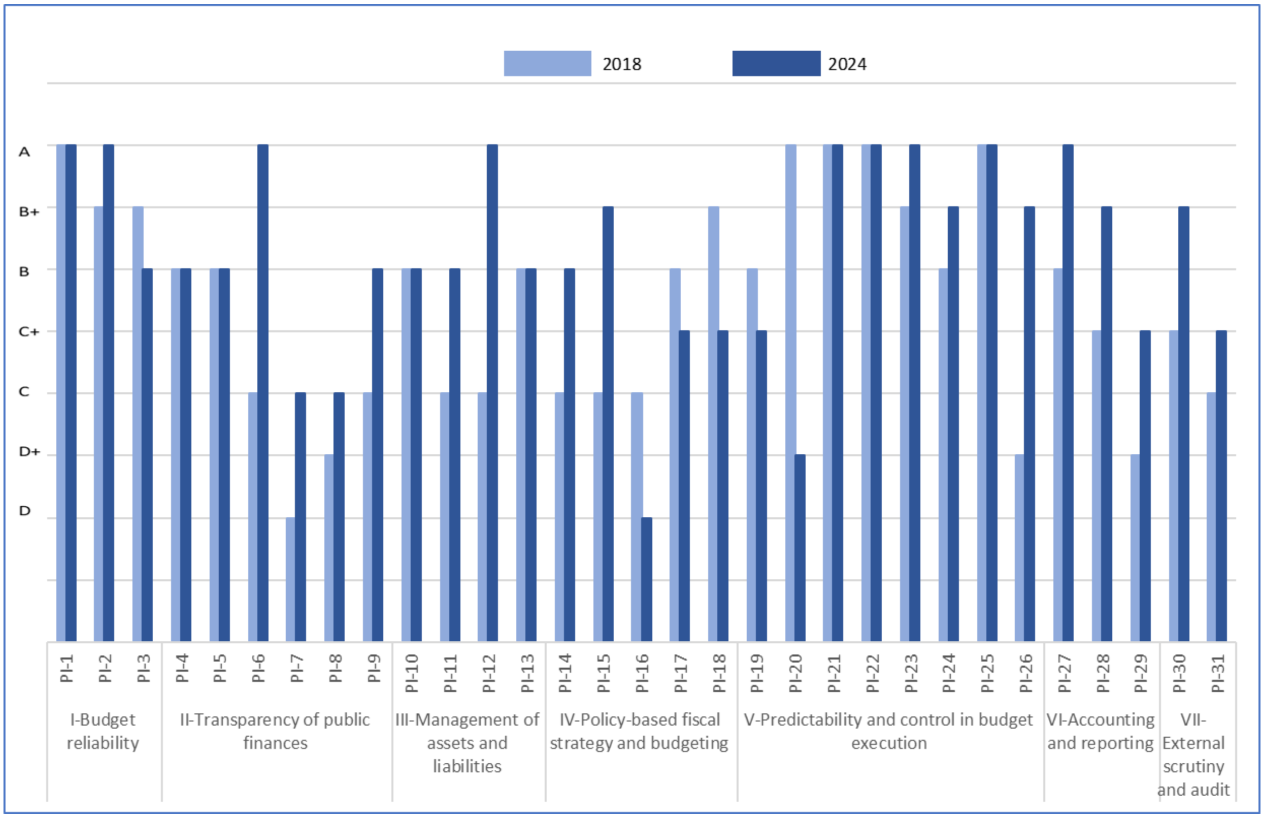

Table 1: Overview of the scores of the PEFA indicators

			Dimensions				
Performance Indicator		Scoring Method	1	2	3	4	Overall Score
I. Budget Reliability							
PI-1	1. Aggregate expenditure outturn		A				**A**
PI-2	2. Expenditure composition outturn	M1	A	A	A		**A**
PI-3	3. Revenue outturn	M2	B	B			**B**
II. Transparency of Public Finances							
PI-4	4. Budget classification		B				**B**
PI-5	5. Budget documentation		B				**B**
PI-6	6. Government operations outside financial reports	M2	A	A	A		**A**
PI-7	7. Transfers to subnational governments	M2	D	B			**C**
PI-8	8. Performance information for service delivery	M2	D	D	A	C	**C**
PI-9	9. Public access to fiscal information		B				**B**
III. Management of Assets and Liabilities							
PI-10	10. Fiscal risk reporting	M2	B	A	D		**B**
PI-11	11. Public investment management	M2	C	A	C	A	**B**
PI-12	12. Public asset management	M2	A	A	A		**A**
PI-13	13. Debt management	M2	A	A	D		**B**
IV. Policy-Based Fiscal Strategy and Budgeting							
PI-14	14. Macroeconomic and fiscal forecasting	M2	C	A	B		**B**
PI-15	15. Fiscal strategy	M2	A	C	A		**B+**
PI-16	16. Medium term perspective in expenditure budgeting	M2	D	D	C	D	**D**
PI-17	17. Budget preparation process	M2	A	D	C		**C+**
PI-18	18. Legislative scrutiny of budgets	M1	A	A	A	C	**C+**
V. Predictability and Control in Budget Execution							
PI-19	19. Revenue administration	M2	A	A	D*	D*	**C+**
PI-20	20. Accounting for revenue	M1	A	A	D		**D+**
PI-21	21. Predictability of in year resource allocation	M2	A	A	A	A	**A**
PI-22	22. Expenditure arrears	M1	A	A			**A**
PI-23	23. Payroll controls	M1	A	A	A	A	**A**
PI-24	24. Procurement management	M2	A	D	A	A	**B+**
PI-25	25. Internal controls on non-salary expenditure	M2	A	A	A		**A**
PI-26	26. Internal audit	M1	B	A	B	A	**B+**
VI. Accounting and Reporting							
PI-27	27. Financial data integrity	M2	A	NA	A	A	**A**
PI-28	28. In-year budget reports	M1	A	B	B		**B+**
PI-29	29. Annual financial reports	M1	C	B	C		**C+**
VII. External Scrutiny and Audit							
PI-30	30. External audit	M1	B	A	A	A	**B+**
PI-31	31. Legislative scrutiny of audit reports	M2	A	C	D	B	**C+**

1 PFM Context in Uzbekistan

Financial overview

27. There are 21 ministries, 12 committees (such as Treasury, Customs and Tax Committees), 11 inspectorates and 25 agencies that comprise Central Government after the recent administrative changes that were undertaken in Uzbekistan. Although some of these non-ministries and committees are termed extra-budgetary, all of them are included in the budget such as the Pension Fund and the Uzbekistan Fund for Reconstruction and Development which are the most significant in size and the other state targeted funds. While "extrabudgetary funds of budget organizations" are indeed included and reported at a high-level aggregation in the consolidated budget, they are collected, managed and retained by the MAs (for example, to the tune of around 10% of consolidated budget annually in the 2022-2023 period).

28. In addition to the Central Government, there is the autonomous Republic of Karakalpakstan, 12 regions and the city of Tashkent which are First Tier local governments and 226 districts and cities which are lower tier local governments within the 14 larger geographical areas. There are currently 1,675 active State-Owned Enterprises, ten of which are financial institutions and banks.

TABLE 1.1: Structure of the public sector (number of entities)

	Public sector				
Year	**Government subsector**		**Social security funds** [1/]	**Public corporation subsector**[3/]	
	Budgetary unit	**Extra-budgetary units**		**Non-financial public corporations**	**Financial public corporations**
Central	69[2/]			1,665	10
1st tier subnational (State)	14				
Lower tier(s) of subnational	226				

1/ Depending on management control and funding arrangements, a social security fund is a public sector entity that may form part of a particular level of government or be classified as a separate sub-sector of the government sector (GFS 2014, para- graph 2.78).
2/ Budgetary central government comprises all central government entities included in the central government budget.
3/ According to the data of the State Assets Management Agency of the Republic of Uzbekistan supplied by MOEF.

29. Table 1.2 shows that over the last three years total general government revenue fell below total expenditures.[1] All revenues are from domestic sources. Interest payments averaged 0.5% of GDP over the three years. The aggregate deficit amounted to 5.5% of GDP in 2021 and 2023 and 4% of GDP in 2021. This deficit is financed by a combination of domestic and external borrowing with the latter being the larger of the two sources.

[1] These revenue and expenditure data are used rather than the figures for the central government figures in Annex 4 as the available financing information is for general government rather than central government.

TABLE 1.2: Aggregate fiscal data

General government actuals (in currency units)						
	UZS billion			Percent to GDP		
	2021	2022	2023	2021	2022	2023
Total revenue	204,453	286,504	321,863	27.8%	32.3%	30.2%
—Own revenue	204,453	286,504	321,863	27.8%	32.3%	30.2%
—Grants	-	-	-	0.0%	0.0%	0.0%
Total expenditure	245,223	321,733	381,024	33.4%	36.2%	35.7%
—Non-interest expenditure	242,954	317,841	372,437	33.1%	35.8%	34.9%
—Interest expenditure	2,269	3,892	8,587	0.3%	0.4%	0.8%
Aggregate deficit (incl. grants)	-40,770	-35,229	-59,161	-5.5%	-4.0%	-5.5%
Primary deficit	-38,501	-31,337	-50,574	-5.2%	-3.5%	-4.7%
Net financing	40,770	35,229	59,161	5.5%	4.0%	5.5%
—External	21,576	22,401	47,700	2.9%	2.5%	4.5%
—Domestic	19,195	12,828	11,400	2.6%	1.4%	1.1%

30. The financial structure of the central government (as opposed to general government) is shown in Table 1.3. All expenditures and revenues are on budget even though there are certain categories, such as the Pension Fund, are termed extra-budgetary in Uzbekistan. The main transfers to other units of general government are to the 14 subnational governments. Figures for liabilities, financial assets and non-financial assets are for 2022 from the Financial Statements annexes whereas Revenues, Expenditures and Transfers are for 2023 from the budget outturns.

TABLE 1.3: Financial structure of central government – actual expenditure (*UZS billion*)

Year	Central government			
2023	Budgetary unit	Extrabudgetary units	Social security funds	Total aggregated[(1/)]
Revenue	271,853.7			271,853.7
Expenditure	314,511.8			314,511.8
Transfers to (-) and from (+) other units of general government (to SNs)	(24,280.0)			(24,280.0)
Liabilities (2022)	5,375.9			5,375.9
Financial assets (2022)	4,495.7			4,495.7
Nonfinancial assets (2022)	1,224.6			1,224.6

1/ Where available this should be the consolidated total, but other aggregation method may be used (with explanation).
Within revenues Pensions funds raises 39,805.6 in revenue and spends 47,801.6, Non-Pension funds raises 7,256 in revenue and spends 3,661.3; UFRD raises 11,262 in revenue and spends 36,921.6 and other Funds raises 31,565.3 revenue and spends 30,500. (all UZS billions). These are all on budget.

Institutional arrangements for PFM

31. Uzbekistan is comprised of 12 provinces, one autonomous republic, and a capital city. Article 34 of the Budget Code "Structure of the State Budget" stipulates that the state budget consists of (i) the republican budget of the Republic of Uzbekistan and (ii) the budget of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent.

32. The financial operations of the Central Government (the republican budget) include central government ministries and agencies (budgetary organizations), state targeted funds, the Uzbekistan Fund for Reconstruction and Development (UFRD), and funds of budgetary organizations. The legislation prohibits the creation of funds that are formed at the expense of the consolidated budget of the Republic of Uzbekistan but are not part of it. In 2023, more than 60 first-level budgetary organizations, 26 state targeted funds, UFRD, and funds of budgetary organizations were financed from the budget. From 2020, the incomes and expenditures of all these organizations and funds are recorded in a Single Treasury Account (TSA).

33. Article 35 of the Budget Code provides further provisions on the structure of the budget of the Republic of Karakalpakstan, the local budgets of regions and the city of Tashkent. Chapter 20 of the Budget Code provides provisions for intergovernmental fiscal relations in Uzbekistan. These subnational budgets are also recorded in the TSA. The inter-budgetary transfers are from the first-level budget to the second-level budget and from the second-level budget to the third-level budget. It is forbidden to transfer from the first-level budget to the third-level budget, from the second-level budget to another territorial-administrative third-level budget and between budgets of the same level as well as state targeted funds to third-level budgets. The central government allocates transfers for lower-level budgets only to the budgets of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent. Inter-budgetary transfers are carried out in the form of distributed income, subsidies, budget loans, equalizing inter-budget transfers and targeted social transfers.

34. Public administration reform has figured prominently in the Government of Uzbekistan's reform priorities with a significant reorganization and downsizing of government. As the first stage of these administrative reforms, the number of ministries was reduced from 25 to 21 and the number of independent executive bodies was cut from 61 to 28. The former Ministry of Economic Development and Poverty Reduction (MoEDPR) and Ministry of Finance (MOF) were merged into a single ministry. The new Ministry of Economy and Finance (MOEF) has a broad and complex mandate. The reform consolidates former directorates of the MoF and MoEDPR into eight directorates[2] and an executive office for administration. MoEDPR's Poverty Reduction function was moved to the Ministry of Labor. Each MOEF directorate is headed by a first deputy minister or deputy minister. The reorganization of MOEF has pursued a dual objective: the consolidation of the departments from each ministry into a cohesive structure; and the merger of certain functions to achieve synergies. Due to the reorganization, the workforce of MOEF at the central level was reduced from 1,000 in the two previous ministries to 800. MOEF conducted a screening process to determine the necessary workforce and provided a departure package to redundant staff in compliance with national legislation.

35. There are 21 ministries which cover inter alia service delivery in the fields of health, education, transport, agriculture. A full list can be found on the Government Portal.[3]

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[2] The number of directorates has been significantly reduced from the previous ministries, which had more than a dozen directorates, including eight in the MoF.

[3] See https://gov.uz/en/pages/main_info/#1

Ministries and Organizations operating in Public Financial Management

36. **The Ministry of Economy and Finance**[4] of the Republic of Uzbekistan was established in accordance with the Decree of the President of the Republic of Uzbekistan No.DP-269 of December 21, 2022.

37. The activities of the Ministry are wide-ranging. Its responsibilities cover priorities for the socio-economic development of the country in the medium and long term, in the budget, tax and customs-tariff spheres, as well as in the financial market, insurance, citizens' rights, pension provision, accounting and financial reporting, financing of budget organizations and budget recipients, regulation of the prices for goods and services of monopolistic enterprises, implementing the functions of ensuring the achievement of strategic macroeconomic indicators and parameters of the State budget of the country for which it is the executing authority.

38. In the area of economic management and public financial management, MOEF is responsible for macroeconomic policy, green economy, budget cycle management (formation, execution, accounting and reporting), tax policy, revenue administration, public investment management (PIM), debt management, state-owned enterprise (SOE) management, public-private partnership (PPP), as well as regional development, entrepreneurship and business environment development, social sector management and capital and financial markets.

39. GFMIS software is used for public financial management with modules for the annual budget, its allocation during the year for dispersal which forms the basis of commitment control and the procurement contracts that have been made which automatically reduces the available commitments that can be subsequently made. UzASBO is a software program related to accounting and reporting with invoices, salaries, and the tax systems with the e-document exchange system with payments to suppliers of goods/services made only by e-invoice though the Treasury Single Account in the Central Bank of Uzbekistan.

40. The ministries, committees, agencies and inspectorates delivering public services are fully integrated into the IT system for the preparation and execution of their budgets.

41. The Ministry of Economy and Finance has many Departments and Subordinate Agencies under its stewardship.

Central Departments

- Department of strategic planning and methodology
- State budget policy Department
- Department of coordination of expertise of feasibility study of projects
- Department for support the development of the knowledge economy, the introduction of innovative and "green" technologies
- State assets coordination department

[4] https://gov.uz/en/imv/

- Department of accounting and audit methodology
- Department of economics and finance of social sectors
- Department of budgetary policy in the areas of defence, judiciary and law enforcement
- Department of economy and finance of agriculture and water management, agro-industry, natural resources
- Department of financial support for the activities of state administration, authorities and other bodies
- Joint department of state program coordination and construction industry regulation
- Development program formation, financing and management of special funds department
- Department of fiscal policy
- Department of development and coordination of activities of internal audit units of public authorities (Central Harmonization Unit with 30 out of the 32 State Bodies with Internal Audit Departments)
- Department for state debt
- Department of implementation of public-private partnership projects
- Department of finance and economy
- Department of digital technologies
- Service sector development department
- Department of urbanization processes, housing construction and coordination of mortgage programs
- Department of economy, finance and price policy of transport, communication, tourism and housing and communal economy
- Department of fiscal risk assessment
- Law department
- Administrative department

Subordinate organizations

- Treasury Service Committee
- State Reserves Management Committee
- Off-budget Pension Fund
- IT Center
- Customs Committee responsible for managing and collection of revenues relating to imports and exports
- Cadastre Agency
- Institute of Budget and Tax Studies

42. Other agencies that have a role in PFM are:

43. **The Ministry of Investment, Industry and Trade** administers state investment policy, improvement of the investment environment, development of the investment potential of industries and regions, acceleration of investment attraction, including direct foreign investment, into the sectors and areas of the economy, ensuring the efficiency of investment projects. It also administers cooperation with international economic and financial institutions, industrial policy, and trade policy.

44. **The State Assets Management Agency**[5] is responsible for effective management of state assets that includes disposal as well as supervision to assist in the transformation of state-owned enterprises into efficient enterprises.

45. **The Chamber of Accounts** is responsible for audit and control on the usage of public expenditures, revenue collection, asset and liability management by public sector entities (central government, local government and SOE). The Chamber of Accounts functions, responsibilities and operation procedures are defined by laws on Chamber of Account and Budget Code. The Chamber of Accounts develops mandatory reports on draft annual budget, Fiscal Strategy documents and a budget execution report. The reports are submitted to Parliament and are publicly available. The Chamber of Accounts publishes a summary of findings of individual audit reports, its own quarterly and annual reports.

46. **The Ministry of Information Technologies and Communications Development**[6] ensures the implementation of state programs on implementation of "e-government", interdepartmental coordination, monitoring, evaluation and control over the activities of ministries, departments, companies and associations, state authorities in the field of information and improving interactive public services, as well as the creation of a unified system of formation, storage and use of state information resources and databases, creation and management of interdepartmental information systems.

47. **Oliy Majlis**[7] is the Parliament of Uzbekistan. It consists of two chambers: The Legislative chamber and the Senate. The Government submits the annual budget execution report to Parliament. The Chamber of Account submits its report on budget execution to Parliament. After Committee hearings, reports are presented at the plenary session of both chambers of Parliament. Parliament is responsible for hearings and review of quarterly budget execution reports as well. Parliament approves reports by adoption of resolution. An annual budget execution report is published on the Parliament website. The Budget and Economic Affairs Committee reviews audit reports. The Legislative chamber and the Senate review budget documentation and adopt the annual budget.

48. **The Cabinet of Ministers**[8] is the executive power body of the Republic of Uzbekistan, ensuring guidance over effective functioning of the economy, social and cultural development, execution of the laws, and other decisions of Oliy Majlis, as well as decrees and resolutions issued by the President of the Republic of Uzbekistan. The Cabinet of Ministers is the collegiate organ heading the single system of the executive authority in the Republic of Uzbekistan. The basic principles of activities of the Cabinet of Ministers are the Constitution and the laws of the Republic of Uzbekistan, providing rights and freedoms of man and citizen, collective nature, separation and interaction of branches of the power, and openness and transparency.

[5] https://davaktiv.uz/en
[6] https://mitc.uz/en/pages/about_ministry
[7] https://parliament.gov.uz/en
[8] https://gov.uz/en/pages/main_info/

49. The **Tax Committee,** which is responsible for revenue administration (other than customs), is under the Cabinet of Ministers.

50. **The Central Bank of Uzbekistan**[9] has the main objectives of ensuring price stability, banking system stability and the functioning of payment systems. It develops and implements monetary policy, including exchange rate policy, conducts monitoring, analysis and forecasting of inflation in the Republic of Uzbekistan, publishes relevant materials and statistical data; carries out the formation and publication of banking, monetary and credit statistics, statistics of the external sector, including the balance of payments, the international investment position, external debt and reserve assets of the Republic of Uzbekistan. It submits annually to the Government of the Republic of Uzbekistan information on economic and financial issues containing recommendations for the preparation of the draft State budget.

51. **The Statistics Agency** ensures that state statistics correspond with international standards and rules to ensure an information system of statistical indices for comprehensive analysis of social and economic processes in Uzbekistan. It carries out preliminary statistical analysis of major economic and social processes and events.

Legal and regulatory arrangements for PFM

52. **The laws and regulations impacting Public Financial Management in Uzbekistan are set out in Table 1.4.** In recent years, Uzbekistan has undertaken a wide-ranging review and update of its legal framework relating to PFM. The Constitution was revised in 2023. While the Budget Code was passed in 2013, there have been many Decrees and Regulations that have facilitated its operations such as the development of a Treasury Single Account and IT and software supporting recording and payments. Procurement processes and procedures were updated and fully implemented online in 2022. The update of the Budget Code has been one of the major acts modernizing the PFM legislative framework. The Law of December 30, 2020, LRU--660 "On Amendments and Additions to Certain Legislation of the Republic of Uzbekistan in Connection with the Improvement of the Budget Process" amended the Budget Code. A new Tax Code became operational at the start of 2020, which had been preceded by a revised Customs Code in 2016.

Arrangements for Internal Control

53. **Uzbekistan has moved away from a Financial Inspection Control structure to an Internal Audit system of assessment with the directions for the development of internal audit** that was approved by resolution of CoM # 506 dated August 24, 2020, and in 2021 under No. DP-4938, dated 12/30/2020. In 2022, a Central Harmonization Unit was created, which is engaged in methodological support, certification, training of internal audit services, as well as the study, analysis and evaluation of their activities. The status and independence of the Chamber of Accounts was strengthened in 2019 by expanding its powers and functions as well as the further development of its activities and further

[9] https://cbu.uz/en/about/functions/

enhanced in 2021. All of these changes have enhanced and strengthened internal control with a focus on risk analysis to determine areas of investigation.

Public Participation

54. **The Legislature debates on the budget and audit reports are open to the public and are available through various media channels under the respective regulations.** The 2021 Decree of the President addresses measures to ensure the openness of the activities of state bodies and organizations. There is an open data portal (openbudget.uz) and a Citizens Budget that allows information to made available which enhances public participation. The successful and expanding citizens' participatory budgeting initiative has been a mechanism for promoting active public participation in the budgetary processes.

Table 1.4: Main PFM laws and regulations

PFM area	Law/ regulation	Brief description and coverage
All	Constitution of the Republic of Uzbekistan https://constitution.uz/en Budget code of the Republic of Uzbekistan https://lex.uz/docs/5535058	The Constitution covers PFM in general This Code regulates relations in the field of formation, preparation, reviewing, adoption, approval, execution of budgets of the budget system of the Republic of Uzbekistan government borrowing and controlling the implementation of budgetary legislation.
Planning	Cash flow management was issued by Cabinet of Ministers order #47 dated January 25, 2024.	The document defines all procedures relating to cash management: minimum amount of cash in the accounts to cover the primary expenses of the budget and their use, cash flow forecasts, other cash management issues etc
Budgeting	Tax code of the Republic of Uzbekistan https/lex.uz/docs/5535180 Customs code of the Republic of Uzbekistan https//lex.uz/docs/5535133 Budget code of the Republic of Uzbekistan https://lex.uz/docs/5535058 Law "On State Debt" August 2, 2023.	The Tax and Customs codes specifies all revenues and their administration. The Budget Code specifies the budget system. Chapter 22. Deficit and surplus of State budget. Public borrowing Conclusions of the Accounts Chamber on the draft Law on the State Budget: http://www.ach.gov.uz/uz/lists/view/280 , http://www.ach.gov.uz/uz/lists/view/176 , http://www.ach.gov.uz/uz/lists/view/155 , https://ach.gov.uz/uz/lists/view/125 http://www.ach.gov.uz/uz/lists/view/81 The State debt law stipulates the mandates of state bodies in state debt management. Pursuant to the Law, the Ministry of Economy and Finance is the authorized body in managing state debt. https://old.lex.uz/docs/6446825 Law On the Public Debt
Accounting	Budget code of the Republic of Uzbekistan	Section VII. Execution of budgets of the budget system

PFM area	Law/ regulation	Brief description and coverage
	https://lex.uz/docs/5535058 Paragraph 26 of the Resolution of the President of the Republic of Uzbekistan No RP-4555, December 30, 2019 https://lex.uz/docs/4673469 from 2020, in	Section VIII. Budgetary accounting and reporting Budgetary organizations, ministries, departments and state targeted funds, accounting for extra-budgetary funds in national currency (as well as in foreign currency) is carried out exclusively on Treasury Single Account (TSA).
Internal Audit	Resolution of CoM #506 dated August 24, 2020 No. RP-4938, 12/30/2020) No. RP-128, 02/14/2022 Resolution of CoM #416, 08/01/2022 (https://lex.uz/docs/6136910) (Resolution of CoM #326, 06/01/2022) (https://lex.uz/docs/6059068) Resolution of CoM #3394, October 24, 2022) (https://lex.uz/docs/6251620); Resolution of CoM #3406, 12/27/2022) (https://lex.uz/docs/6329874).	Internal Audit system of assessment was established. In 2022, a Department (CHU) was created, which is engaged in methodological support, certification, training of internal audit services, as well as the study, analysis and evaluation of their activities. A model charter on internal audit was approved. A system of audit with the participation of citizens was launched. National Internal Audit Standards were approved. The Internal Audit Guidelines were approved
Intergovernmental fiscal relations	Budget code of the Republic of Uzbekistan https://lex.uz/docs/5535058	Chapter 20. Inter-budget relations Article 133. Transfer of revenues and expenditures between levels of budgets Article 134. Forms of inter-budget transfers
Parliament	The Law of the Republic of Uzbekistan “On the State Budget of the Republic of Uzbekistan for 2020” https://lex.uz/docs/4635018 Chapter XVIII of the Constitution covers the Oliy Majlis (Parliament)	Establishes the republican budget in the context of ministries and departments are approved by the chambers of the Oliy Majlis of the Republic of Uzbekistan Article 94. The exclusive powers of the Legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan shall include: 1) monitoring the execution of the State budget of the Republic of Uzbekistan 2) hearing the report of the Chamber of Accounts of the Republic of Uzbekistan
Internal control	Chapter 27 Organization of state financial control Articles 170-179	The procedure and principles of state financial control are established

PFM area	Law/ regulation	Brief description and coverage
	of the Budget Code of the Republic of Uzbekistan Decree of the Minister #142 dated August 20, 2018 Order #48 of the Head of the Treasury, dated September 4, 2023.	On segregation of duties which lays out a clear division of responsibilities Risks and procedures are adopted
External audit	Law of the Republic of Uzbekistan "On the Accounts Chamber of the Republic of Uzbekistan" (adopted by the Legislative Chamber on May 18, 2019, approved by the Senate on June 21, 2019). Law № LRU-546 https://lex.uz/docs/6906971 Decree of the President of the Republic of Uzbekistan dated August 27, 2021, No.PD-6300 "	Strengthening the status and independence, expanding the powers and functions of the Accounts Chamber, as well as the further development of its activities. "On measures to further improve the system of state financial control", along with ensuring the functional and financial independence of the Accounts Chamber after acquiring the status of a legal entity Conclusions to the annual report on the execution of the State budget and budgets of state targeted funds: http://www.ach.gov.uz/uz/lists/view/295 http://www.ach.gov.uz/uz/lists/view/248 https://ach.gov.uz/uz/lists/view/327 http://www.ach.gov.uz/uz/lists/view/144 http://www.ach.gov.uz/uz/lists/view/143
Procurement	Article 121. Public procurement Law of the Republic of Uzbekistan, dated 04/22/2021 y. No. LRU-684 Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, dated 05/20/2022 No. 276 Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 46 dated 01/31/2022 Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, dated 30.09.2019, No. 833	Regulates public procurement covering procedures, financing sources and information disclosure.
Public Participation	Decree of the President of the Republic of Uzbekistan (dated June 21, 2021, No.DP-6247) is issued (https://lex.uz/docs/5459053) Portal open data.	"On additional measures to ensure the openness of the activities of state bodies and organizations, as well as the effective implementation of public control" Information on official pages of social networks.

PFM area	Law/ regulation	Brief description and coverage
	(opendata.gov.uz), in the portal «Открытый бюджет» (openbudget .uz) Decree of the President of the Republic of Uzbekistan (dated June 14, 2022, No.DP-154) (https://lex.uz/docs/6066514)	Ministry of Economy and Finances, publishes information on income and expenses of the State budget, on the official site of the Ministry (weekly and annually) "On measures for the implementation of the system of raising and evaluating the level of openness of the activities of state bodies and organizations". There is a Citizens Budget that is available online https://www.undp.org/uzbekistan/publications/citizens-budget and https://www.imv.uz/newsletter/fuqarolar-uchun-budjet-nashrlari https://ach.gov.uz/uz/lists/view/247

PFM Reform process

55. **There has been continuous and ongoing Public Financial Management reform in Uzbekistan.** The most recent strategy sets out the directions and priorities for 2020-2025 as a continuation of the previous one approved by the Presidential Decree No. PD-4947 "On action strategy for the further development of the Republic of Uzbekistan". The 2020-2025 strategy has defined a long-term strategic approach for promotion of the PFM reform building on what has been already achieved with a focus on (a) consolidation, deepening and expansion of the PFM reform; and (b) identifying priority areas consistent with the PFM reform aimed at achieving three main goals: firstly, mechanisms for control, ensuring certain minimum level of fiscal control, should be created; secondly, mechanisms for ensuring fiscal stability and sustainability should be formed; and thirdly, systems, increasing the effectiveness and performance in service delivery, should be introduced. The minimum level of fiscal control has been already achieved with considerably high-performance levels in most PFM functions. These achievements provide the foundations for further stages of reforming of the PFM system that is designed to ensuring macroeconomic stability and sustainability while continuing the reforms of the first level; and improving effectiveness and performance through the introduction of program budgeting and its use to improve the quality of provided services.

56. The goal of the PFM Reform Strategy is to improve the quality of public services through ensuring:

- long-term budget stability and sustainability;
- flexibility in the allocation and use of budgetary resources;
- fiscal transparency.

57. The interim goal is to improve key processes in the PFM system by:

- introducing a modern, full-scale and unified budget and accounting system (including Unified Chart of Accounts, transition to a modified accrual method, etc.);
- introducing a medium-term budget strategy and program budgeting;

- increasing the transparency of budget and budget process on the basis of international standards and principles;

58. The stages of the reform process defined in the strategic plan are characterized by the following expected results:

- Financial discipline. Budget execution in accordance with the plan contributes to the achievement of a realistic and reliable budget.
- Fiscal sustainability. Planning and executing the budget in accordance with the priorities and realistic forecasts for the medium term contributes to the implementation of sustainable fiscal policy.
- Quality of service. Effective management of budgetary resources contributes to the quality of servicing and efficient use of funds.

59. The main directions for implementation that have been set out in the 2018-2025 strategy are:

- achievement of a realistic budget;
- improving budgeting on a program basis;
- ensuring completeness and transparency of the budget;
- improving cost control during budget execution;
- improving revenue control during budget execution;
- improving accounting and reporting standards;
- improving internal audit procedures;
- improving external audit procedures.

60. The New Strategy covers the period from 2018 to 2025. However, the delivery is based on the following considerations:

- Implementation of the planned reforms related to the budget preparation takes at least 7-8 years, while reforms in the field of accounting and reporting will take longer (9 years or more).
- Completion of already launched reforms (introduction of PFMIS, improvement of legislation, intergovernmental relations, expansion of fiscal transparency) and evaluation of the results will require at least 7-9 years.

61. The headline summary of the components is:

- Upgrading Development Programs to Full Strategic Plans
- Budgeting on the basis of budget programs. Implementation of results-based budgeting. Expansion of the rights of managers and recipients of budget funds. (The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated on January 4, 2024, # 4 “On approval of the procedure for developing, monitoring and evaluating the effectiveness of

budget programs of budget allocators during implementation of the program budgeting system in the Republic of Uzbekistan”).

- Inter-budget relations
- Budget classification
- Budget discussion and adoption procedures
- Treasury system of budget execution
- Development of "GFMIS" software
- Accounting Reform Continuation
- Reform of internal audit
- Legislative basis for supporting and promoting reforms
- Improving fiscal transparency (in terms of disclosure of budget information)

62. **The strategy implementation has been delayed by up to two years due to the reorganization of the Government with the merger of the Ministry of Economy and the Ministry of Finance.** The 2024 PEFA will provide an opportunity for stocktaking of PFM reform implementation and the updating of a reform strategy which can be supported by Uzbekistan’s Development Partners. A significant number of Development Partners are providing support and technical assistance to support the process, including the World Bank, IMF, ADB, EU, UK, and UN agencies such as UNDP and UN Women. The partners all convene in the PFM Country Platform.

63. The IMF-FAD has been supporting the Government of Uzbekistan in strengthening public financial management and building capacity to implement reforms. This includes the areas of budget process reforms, public investment management, fiscal rules, macro-fiscal modeling and forecasting, fiscal risk management, fiscal reporting, treasury operations. Since December 2022, the FAD in partnership with the Delegation of the European Union to the Republic of Uzbekistan has been implementing the “Strengthening Budget Preparation and Fiscal Management” project. The project focuses on supporting further development of the medium-term budget framework, strengthening budget preparation, improving fiscal reporting and transparency, building macro-fiscal analytical capabilities, and strengthening fiscal risk analysis, monitoring, management, and disclosure. The project implementation builds on the previous and ongoing substantive IMF technical assistance to the Government of Uzbekistan to strengthen PFM systems and fiscal governance. The project entails multiple activities, including: (i) resident PFM advisor; (ii) in-country and virtual capacity development delivered from the IMF headquarters and by short-term experts; and (iii) other complementary support.

2 Detailed analysis of PFM performance

PILLAR ONE: Budget reliability

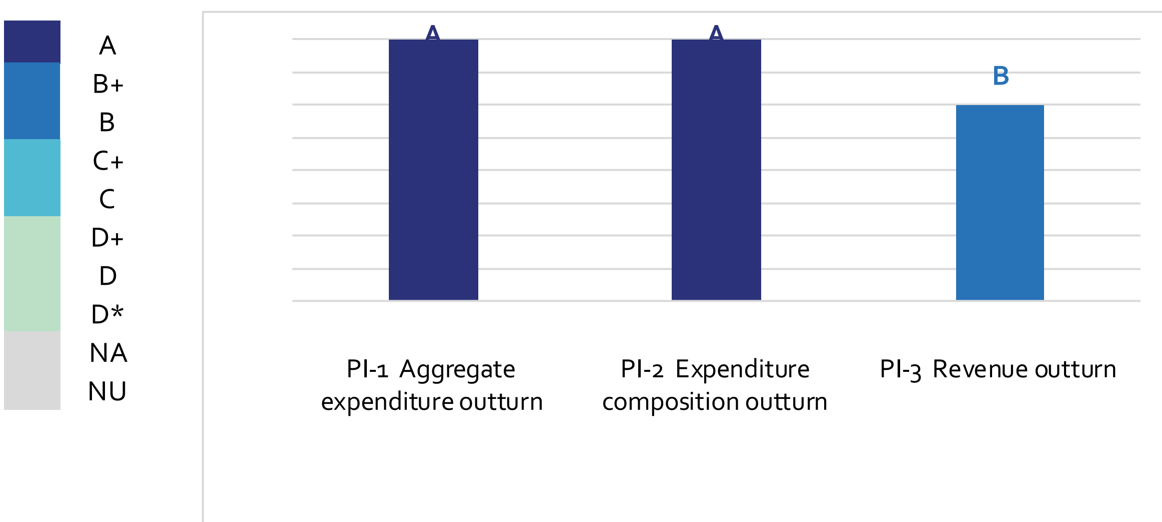
64. **What does Pillar I measure?** The government budget is realistic and is implemented as intended. This is measured by comparing actual revenues and expenditures (the immediate results of the PFM system) with the original approved budget.

Overall performance: Analysis of key strengths and weaknesses

65. **Both revenue and expenditure outturns at the aggregate level do not deviate from the original budget to any significant degree.** This reflects the budget formulation process itself, which is based on realistic revenue forecasts and assessment of expenditure needs that can be funded. The absence of significant deviation also is a sign of the commitment control process, which links in-year revenues to in-year spending needs and does not allow excess expenditures beyond what is committed in the GFMIS system on a quarterly basis. The variation in expenditures is reflective of only one supplementary budget in the year as well as some revenue categories performing better than others. While virement does allow extensive reallocation, the evidence is that it has not been applied to any significant degree. As all revenues and expenditure of central government are administered through the Treasury Single Account and supporting IT system, the records and overall administrative processes and procedures are reliable.

66. Overall, the indicator score for the pillar has a median score of A as shown in the chart.

Figure PILLAR ONE: Budget reliability



PI-1. Aggregate expenditure outturn

67. **What does PI-1 measure?** This indicator measures the extent to which aggregate budget expenditure outturn reflects the amount originally approved, as defined in government budget

documentation and fiscal reports. Coverage is BCG for the last three completed fiscal years, 2021, 2022 and 2023.

Methodological notes:

68. Normative acts related to the budget process, budget laws and budget execution reports for 2021-2023 were studied. Meetings were held with representatives of MOEF. PEFA spreadsheets are used for assessment calculations. Spreadsheets are included in Annex 4.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-1. Aggregate expenditure outturn (M1)		**A**	**A**
1.1. Aggregate expenditure outturn	Aggregate expenditure outturn was between 95% and 105% of the approved aggregate expenditure in each of the last three years (FY2021 96,7%, FY2022 104.7%, and FY2023 99.4%)	A	A

Detailed description of the country PFM system for the assessed performance indicator:

69. **According to Article 46 of the Budget Code, the Consolidated Budget of the Republic of Uzbekistan includes: state budget; state targeted funds; budgetary funds of budgetary organizations; and UFRD.** The state budget consists of budgets of the following levels: the republican budget and budget of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent.

70. **Expenditures attributable to the Budgetary Operations of the Central Government (BCG) have been used for assessment.** These are the expenditures of the republican budget, targeted funds, extra-budgetary funds of budgetary organizations[10] and UFRD. All these expenditures are included in the budget process determined by the Budget Code. They are planned according to the annual budget law and are reported quarterly and annually.

Recent or ongoing reform activities:

71. **Starting in 2020, a new budget system was introduced aimed at expanding the powers of the Oliy Majlis of the Republic of Uzbekistan and local Kengashes of people's deputies.** The Law of the Republic of Uzbekistan "On the State Budget of the Republic of Uzbekistan for 2020"[11] establishes for the first time that expenses of the republican budget in the context of ministries and departments are approved by the chambers of the Oliy Majlis of the Republic of Uzbekistan, and local Kengashes approve expenses of local budgets of people's deputies.

[10] These are termed extra-budgetary funds in Uzbekistan but are included the budget.
[11] https://lex.uz/docs/4635018

72. Starting from 2020, the consolidated budget reflects government expenditures carried out at the expenditures of state targeted funds and funds attracted from external borrowings, the coverage of the budget has been strengthened. The accounting of the general fiscal balance has been established following international standards.

73. Under paragraph 26 of the decree of the President of the Republic of Uzbekistan No. 4555, December 30, 2019,[12] from 2020 accounting for extra-budgetary funds in national currency (as well as in foreign currency) is carried out exclusively in the Treasury Single Account in budgetary organizations, ministries, departments and state targeted funds.

74. According to the Decree of the President of the Republic of Uzbekistan, dated March 4, 2024, No. PD-109,[13] the government of the Republic of Uzbekistan must develop a strategy for improving the public financial management system for 2025-2030. The PFM strategy should be ready by November 2024.

1.1 Aggregate expenditure outturn

Performance level and evidence for scoring:

75. The aggregate expenditure outturn as a percentage of the approved aggregate expenditures for the Budgetary Operations of the Central Government (BCG) was for FY2021 96,7%, FY2022 104.7%, and FY2023 99.4%.

Table 1.1: Aggregate expenditure outturn (UZS billion)

Aggregate expenditure	FY 2021	FY 2022	FY 2023
Original approved budget	209,926.9	231,212.7	316,334.3
Outturn	202,969.6	242,015.2	314,511.8
Outturn as a percentage of original approved budget	96.7%	104.7%	99.4%

Data source: *MOEF of the Republic of Uzbekistan. PEFA team calculations (Annex 4)*

76. Aggregate expenditure outturn was between 95% and 105% of the approved aggregate expenditure in each of the last three years. Score A

Performance change since a previous PEFA assessment:

77. Aggregate expenditure outturn was between 95% and 105% of the approved aggregate expenditure in at least two of the last three years. Score A

78. There is no change in the score since the previous PEFA.

[12] https://lex.uz/docs/4673469

PI-2. Expenditure composition outturn

79. **What does PI-2 measure?** This indicator measures the extent to which reallocations between the main budget categories during execution have contributed to variance in expenditure composition. Coverage is BCG for the last three completed fiscal years. It uses the **M1** (WL) method for aggregating dimension scores.

Methodological notes:

80. Normative acts related to the budget process, budget laws and budget execution reports for 2021-2023 were reviewed. Meetings were held with representatives of MOEF. PEFA spreadsheets are used for assessment calculations. Spreadsheets are included in Annex 4.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-2. Expenditure composition outturn (M1)		**A**	**B+**
2.1. Expenditure composition outturn by function	The variance in expenditure composition by functional classification was less than 5% in at least two of the last three years (FY2021 1.7%, FY2022 15.5%, and FY2023 3.4%).	A	B
2.2 Expenditure composition outturn by economic type	The variance in expenditure composition by economic classification was less than 5% in at least two of the last three years (FY2021 3.9%, FY2022 8.5%, and FY2023 0.8%).	A	B
2.3 Expenditure from contingency reserves	The actual expenditure charged to a contingency in the last three completed years was less than 3% of the original budget (FY2021 0.4%, FY2022 0.3%, and FY2023 0.3%)	A	A

Detailed description of the country PFM system for the assessed performance indicator:

81. As in the PI-1 indicator, this indicator is also calculated on the basis of the data of the Budgetary Operations of the Central Government (BCG). In particular, the expenditures of the republican budget, targeted funds, and budgetary funds of budgetary organizations and UFRD. The targeting of budgets of the budgetary system is determined by Part V of the Budget Code (Articles 69-82). Annex 3 of the State Budget Law defines the forecast of the target funds and UFRD revenues and expenses. Annex 4 of the State Budget Law defines the limits of Republican budget allocations according to first-level organizations.

82. In the law on the budget, the expenditures of the first-level organizations are presented according to current and capital/investment expenditures (subsequently, according to the relevant decree of the president, allocations are distributed to the second-level organizations). Following Article 73 of the Budget Code, a Reserve Fund of the Cabinet of Ministers of the Republic of Uzbekistan is created in the republican budget to finance unforeseen expenditures.

83. The procedure for making changes to the budget of the republican budget is regulated by Article 145 of the Budget Code. The distribution of allocations of 10% or more among the first-level budgetary organizations is carried out by the chambers of the Oliy Majlis of the Republic of Uzbekistan based on the Chamber of Accounts of the Republic of Uzbekistan; less than 10 percent — by the Cabinet of Ministers of the Republic of Uzbekistan based on the proposal of the Ministry of Economy and Finance of the Republic of Uzbekistan.

84. It is possible to redistribute 10% or more allocations between second-level organizations under the first-level budgetary organization — by the Cabinet of Ministers of the Republic of Uzbekistan based on the proposal of the Ministry of Economy and Finance of the Republic of Uzbekistan; less than 10%— by the Ministry of Economy and Finance of the Republic of Uzbekistan on the proposal of the corresponding manager of the budget funds of the first level.

85. The allocation of funds from the reserve fund of the Cabinet of Ministers of the Republic of Uzbekistan is carried out without making changes to the Law on the State Budget.

Recent or ongoing reform activities:

86. Until 2020, the legislature required approval of budget changes if the changes accounted for 10% or more of total budget expenditures. For less than 10%, the Cabinet of Ministers of the Republic of Uzbekistan had the right to make changes. Also, the second-level organization could distribute the allocations between the second-level budgetary organizations in agreement with the Ministry of Economy and Finance.

87. According to the amendments made to the Budget Code at the end of 2019 (December 28, 2021, No.740),[14] redistributing more than 10% of allocations among first-level budget organizations, can only be done by the legislature.

2.1. Expenditure composition outturn by function

88. *Dimension 2.1 measures the difference between the original, approved budget and end-of-year outturn in expenditure composition, by functional classification, excluding contingency items, and interest on debt.*

Performance level and evidence for scoring:

89. The republican budget of Uzbekistan is approved according to administrative classification (Law on State Budget, Annex 5; 52 administrative code).[15] The budget is also recorded according to economic classification and functional groups defined by Article 70 of the Budget Code.

90. For dimension 2.1, 2021-2023 the Budgetary Operations of Central Government (BCG) are classified according to the 9 specific functions, one grouping of others and three groups of targeted

[14] https://lex.uz/ru/docs/5797766?ONDATE=29.12.2021%2000#5798452
[15] https://lex.uz/ru/docs/5797766?otherlang=4

funds that cannot be allocated to an individual function.[16] The annual budget is approved and reported with this expenditure structure.

91. The calculation is made according to PEFA spreadsheet excluding contingency items and interest on debt. The spreadsheet is included in Annex 4.

Table 2.1: Expenditure composition outturn compared to original approved budget – functional

Variance (%)	FY 2021	FY 2022	FY 2023
functional classification	1.7%	15.5%	3.4%

Data source: *MOEF of the Republic of Uzbekistan. PEFA team calculations (Annex 4).*

92. The variance in expenditure composition by functional classification was less than 5% in at least two of the last three years (FY2021 4.5%, FY2022 15.5%, and FY2023 3.4%). Hence, the score of dimension is A.

Performance change since a previous PEFA assessment:

93. Variance in expenditure composition by functional classification was less than 10% in all the three years. Score B.

94. In the 2024 PEFA, the variance in expenditure composition by functional classification was less than 5% in at least two of the last three years, which is an improvement since the previous PEFA.

2.2. Expenditure composition outturn by economic type

95. *Dimension 2.2 measures the difference between the original, approved budget and end-of-year outturn in expenditure composition by economic classification during the last three years including interest on debt but excluding contingency items.*

Performance level and evidence for scoring:

96. In the law on the budget, the expenditures of the first-level organizations are presented according to current and capital/investment expenditures. Budget expenditure plan and actual expenditure are also recorded according to economic classification approved by the Ministry of Finance of Uzbekistan (Order of the Ministry of Finance #65; on August 20, 2010), which is consistent with GFS standards.

97. The calculation is made according to PEFA spreadsheet. The spreadsheet is included in Annex 4.

Table 2.2: Expenditure composition outturn compared to original approved budget – by economic classification

Variance (%)	FY 2021	FY 2022	FY 2023
Economic classification	3.9%	8.5%	0.8%

Data source: *MOEF of the Republic of Uzbekistan. PEFA team calculations (Annex 4).*

[16] *The category which groups "other expenditure" and three groups of state targeted funds that cannot be allocated to an individual function constitute together a very significant portion of total allocated expenditure (for example, 52% in 2023), which limits the existing functional classification as a useful basis for comparison of policy.*

98. The variance in expenditure composition by economic classification was less than 5% in at least two of the last three years (FY2021 3.9%, FY2022 8.5%, and FY2023 0.8%). Hence, the score of dimension is A.

Performance change since a previous PEFA assessment:

99. Variance in expenditure composition by economic classification was less than 10% in all the three years. Score B.

100. There has been an improvement in the score as variance in expenditure composition by economic classification in at least two of the last three years was less than 5%.

2.3. Expenditure from contingency reserves

101. *Dimension 2.3 measures the average amount of expenditure charged to a contingency vote.*

Performance level and evidence for scoring:

102. According to Article 73 of the Budget Code, a reserve fund is created for contingency expenditures in the budget of the corresponding level. The source of the formation of the reserve fund is the relevant budget revenues. The reserve fund of the Cabinet of Ministers is created in the Republican budget. The size of the reserve fund of the Cabinet of Ministers is established upon the adoption of the draft law on the State Budget. The upper limit of the reserve fund is not established by the budget code.

103. Proposals on the use the reserve fund of the Cabinet of Ministers, previously agreed upon with the financial authorities are submitted by the initiators to the Cabinet of Ministers. The reserve funds of the Cabinet of Ministers are used on the basis of decisions of the President and the Cabinet of Ministers. If the State budget provides funds for the same purposes for which it is proposed to allocate additional funds from reserve funds, then proposals to use the funds from the corresponding reserve funds are made only after the amounts previously provided for in the budget have been spent. If the activities for which funds from the reserve fund of the Cabinet of Ministers were allocated have a certain period, then the funds remaining unused are restored after the end of the period for the activities within ten working days. Recipients of the reserve fund of the Cabinet of Ministers submit a quarterly report on the use of funds to the Ministry of Economy and Finance.

104. In 2021-2023, the republican budget provided for the reserve fund of the Cabinet of Ministers of the Republic of Uzbekistan. In the last three completed years, it did not exceed 0.6% of the budget's total expenditures.

105. The calculation is made in PEFA spreadsheet in Annex 4.

Table 2.3: Expenditure from contingency reserves (Last three completed fiscal years)

%	FY 2021	FY 2022	FY 2023
Actual expenditure charged to a contingency vote	0.4%	0.3%	0.3%

Data source: *MOEF of the Republic of Uzbekistan. PEFA team calculations (Annex 4).*

106. The expenditure from the reserve fund in 2021 amounted to 790.3 billion UZS, in 2022 765.8 billion UZS, in 2023 808.0 billion UZS. These expenditures did not exceed 0.4% of the original budget in any year.

107. The actual expenditure charged to a contingency the last three completed years was less than 3% of the original budget (FY2021 0.4%, FY2022 0.3%, and FY2023 0.3%). Hence, the score of dimension is A.

Performance change since a previous PEFA assessment:

108. Actual expenditure charged to a contingency vote was on average 0.4%, which is less than 3% of the original budget. Score A.

109. There is no change in the score since the previous PEFA.

PI-3. Revenue outturn

110. **What does PI-3 measure?** This indicator measures the change in revenue between the original approved budget and end-of-year outturn. Coverage is BCG for the last three completed fiscal years, 2021, 2022 and 2023. This indicator uses the **M2** (AV) method for aggregating dimension scores.

Methodological notes:

111. Normative acts related to the budget process, budget laws and budget execution reports for 2021-2023 were studied. Meetings were held with representatives of MOEF. PEFA spreadsheets are used for assessment calculations. Spreadsheets are included in Annex 4.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-3. Revenue outturn (M2)		**B**	**B+**
3.1. Aggregate revenue outturn	Aggregate revenue outturn was between 94% and 112% of the approved aggregate expenditure in at least two of the last three years (FY2021 110.3%, FY2022 112.7%, and FY2023 100.9%)	B	A
3.2. Revenue composition outturn	Revenue composition outturn compared to the original approved budget of BCG for the last three completed years was in two years more than 5% and less than 10% (FY2021 7.4%, FY2022 17.9%, and FY2023 7.7%)	B	B

Detailed description of the country PFM system for the assessed performance indicator:

112. Macroeconomic forecasts are the basis of budget revenue plans. Annual budget revenue plans are planned for the next three years based on macroeconomic forecasts. The Ministry of Economy and Finance prepares macroeconomic forecasts as defined by the Budget Code (Articles 83, 90, 92). Initial

forecasts, with two alternative scenarios, are developed by mid-April. Updated macroeconomic forecasts are developed by August 15. Macroeconomic and Budget revenue forecasts include aggregated tax and non-tax revenue forecasts, as well as tax and non-tax revenue forecasts by types of revenue. PEFA spreadsheets were used for the presented calculations. Calculations are made by direct taxes, indirect and other income subtotals, and their breakdown at level 3 of the GFS classification.

113. As in the case of PI-1 and PI-2 indicators, PI-3 indicator also assesses the operations of Budget Central Government (BCG), that is, the assessment includes the revenues of the republican budget, targeted funds, extra-budgetary funds of budgetary organizations and UFRD.

114. Revenues of the republican budget of the Republic of Uzbekistan are generated through:

- In accordance with established standards (determining the distribution between the budget levels annually according to the budget law):
    - income tax;
    - personal income tax;
    - excise tax;
    - Tax behind use subsoil;
- Customs duties;
- Value added tax;
- Other income that includes government duties, fees, refunds, dividends, etc.

115. State targeted funds are created to carry out government functions, the funds are generated from deductions from taxes, mandatory payments and fines, sponsorship funds and other income established by decisions of the President of the Republic of Uzbekistan and the Cabinet of Ministers of the Republic of Uzbekistan, as well as budget transfers and subsidies.

116. UFRD revenues are generated from: proceeds from the excess of the world price for strategic resources over the cut-off price; income from asset management of UFRD and other sources as determined by law. Extra-budgetary funds of budgetary organizations are formed from fees collected such as from: services provided by budgetary organizations; income from the sale of goods (works, services) in the profile of the activity of the budgetary organizations; part of the funds received from the lease of property on the balance of the budgetary organization fees charged in educational institutions; and other types of fees by law.

Recent or ongoing reform activities:

117. By paragraph 26 of the Decree of the President of the Republic of Uzbekistan No.PD-4555, December 30, 2019,[17] from January 1, 2020, in budgetary organizations, ministries, departments and state targeted funds, accounting for extra-budgetary funds in national currency (as well as in foreign currency) is carried out exclusively in the TSA. The TSA significantly simplified and made accounting of

[17] https://lex.uz/docs/4673469

budget revenues more reliable. Real-time information on budget revenues is available. The state treasury records not only the revenues of the republican budget, but also the revenues of state funds, non-budgetary revenues of ministries and agencies, and revenues of local budgets.

118. From 2020, it is no longer necessary to verify receipts of taxes and other payments between banks, tax and customs institutions, local budgets and state funds financial authorities. A corresponding amendment was made to the Budget Code, and the record that established the need for such comparisons was canceled (part 6 of article 164 of the Budget Code).

3.1. Aggregate revenue outturn

119. *Dimension 3.1 measures the extent to which revenue outturns deviate from the originally approved budget.*

Performance level and evidence for scoring:

120. In 2021-2023, the revenues of the republican budget, targeted funds, extra-budgetary funds of budgetary organizations and UFRD were determined by the law on the approval of the state budget. The forecast of the revenues of BCG is presented in the 1st, 3rd and 4th annex of the budget law. All types of budget income records are in TSA.

Table 3.1: Aggregate revenue outturn (UZS billion)

Total revenue	FY 2021	FY 2022	FY 2023
Original approved budget	171,857.4	217,604.7	269,413.5
Outturn	189,561.6	245,276.2	271,853.7
Outturn as a percentage of original approved budget	110.3%	112.7%	100.9%

Data source: *MOEF of the Republic of Uzbekistan. PEFA team calculations (Annex 4)*

121. Aggregate revenue outturn was between 94% and 112% of the approved aggregate expenditure in at least two of the last three years (FY2021 110.3%, FY2022 112.7%, and FY2023 100.9%). Score B

Performance change since a previous PEFA assessment:

122. Actual Revenue was between 97% and 106% in two of the last three years (101% in 2015; 101% in 2016; and 112% in 2017). Score A.

123. There has been a deterioration as aggregate revenue outturn was between 94% and 112% of the approved aggregate expenditure in at least two of the last three years.

3.2. Revenue composition outturn

124. *Dimension 3.2 measures the variance in revenue composition and attempts to capture the accuracy of forecasts of the revenue structure and the ability of the government to collect the amounts of each category of revenues as intended.*

Performance level and evidence for scoring:

Table 3.2: Revenue composition outturn compared to the original approved budget

Variance (%)	FY 2021	FY 2022	FY 2023
Revenue composition	7.4%	17.9%	7.7%

Data source: *MOEF of the Republic of Uzbekistan. PEFA team calculations (Annex 4)*

125. In 2021-2023, revenue composition outturn compared to the original approved budget of BCG for the last three completed years was in two years more than 5% and less than 10% (FY2021 7.4%, FY2022 17.9%, and FY2023 7.7%). Score B.

Performance change since a previous PEFA assessment:

126. Variance in revenue composition was less than 10% in two of the last three years (7.0% in 2015, 10.7% in 2016 and 7.5% in 2017). Score B.

127. There is no change in the score since the previous PEFA.

PILLAR TWO: Transparency of public finances

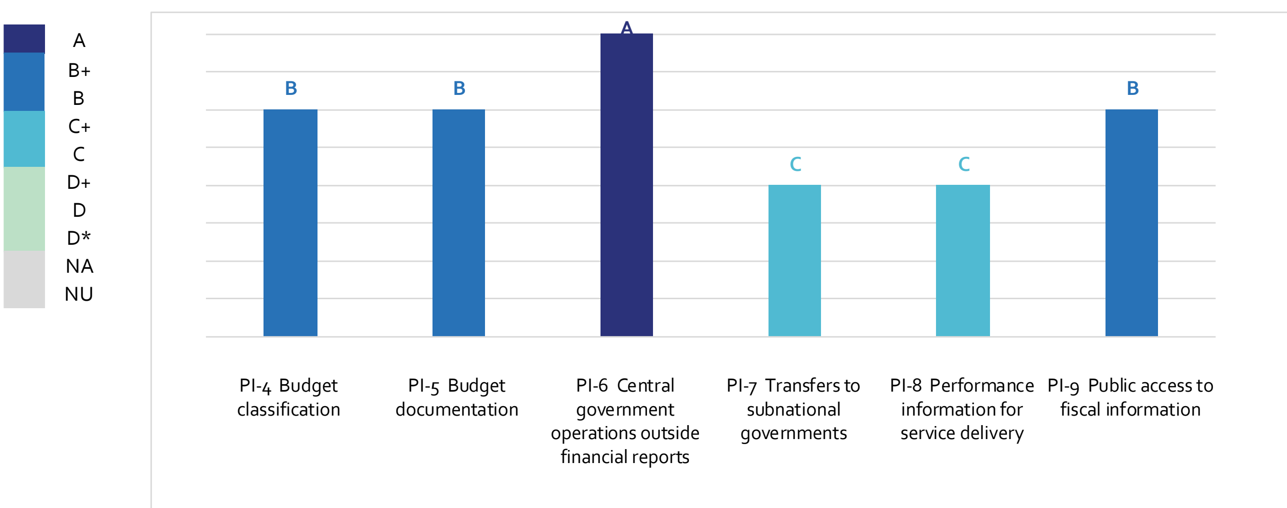
128. **What does Pillar II measure?** Information on public financial management is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget documentation.

Overall performance: Analysis of key PFM strengths and weaknesses

129. Pillar II covering the transparency of public finances is linked to other indicators that measure technical efficiency in their respective spheres. The budget classification dimension establishes the base for the coverage of the budget, its execution as well as its recording and auditing, but needs to be expanded to a wider program/functional coverage. The development of the TSA and its application is not only throughout the budgetary central government but also so called extrabudgetary agencies and subnational government. As a result, revenues and expenditure of extrabudgetary agencies and service delivery agencies are recorded and tracked in the overall information system. The availability of budget documentation and wider fiscal information also reflects the development and application of the IT system for public financial management although the focus is on financial data and its flows rather than on stocks. Subnational government transfers are not based on a transparent system for allocating resources, which gives greater freedom to local authorities to plan their budget. The development of key performance indicators and the assessment of performance through the audit system have yet to match the quality of the financial data and audit. Nevertheless, both of these activities have been introduced and are being rolled out.

130. Overall, the indicator score for the pillar is high as shown in the chart with both a median and mode score of B.

Figure PILLAR TWO: Transparency of Public Finances



PI-4. Budget classification

131. **What does PI-4 measure?** This indicator assesses the extent to which the government budget and accounts classification is consistent with international standards. Coverage is BCG for the last completed fiscal year.

Methodological notes:

132. Budget classification, codes and bridge tables, annual budget and budget execution reports were examined.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-4. Budget classification		**B**	**B**
4.1. Budget classification	Administrative, economic and functional classifications (3 digits) are used for all stages of budget process: budget formulation, execution and reporting. Classification is compatible with the GFSM 2014 manual	B	B

Detailed description of the country PFM system for the assessed performance indicator:

133. Uzbekistan adopted a new budget classification system in 2010 complying with the Government Financial Statistics (GFS) 2001 Manual international standards. The authorities started reporting GFSM2001-compliant fiscal data in 2013 and publishing fiscal data in the GFS Yearbook in 2014.

134. The Budget Code of the Republic of Uzbekistan (2013), Chapter 3 "Budget classification" articles 18-24[18] defines the key provisions on budget classification. A more detailed document – Budget classification instruction — was approved by the Order of the Ministry of Finance #65 (on August 20, 2010) "On the approval of the instruction on the application of the budget classification" (Registered by the Ministry of Justice of the Republic of Uzbekistan on October 11, 2010 (#2146)).[19]

Recent or ongoing reform activities:

135. The instruction on budget classification (reg. № 2146)[20] was updated in 2019 with the addition of income categories, such as receipts from taxes (some since abolished), additional income lines for other income (for example, income from residents and non-residents, from other sectors of the government, income from the sale of non-financial assets in greater detail) etc. The revised

[18] https://lex.uz/uz/docs/2304138?otherlang=1
[19] https://lex.uz/docs/1688892
[20] https://lex.uz/docs/4671945

classification also updated expenditure lines and economic classification (spending on financial assets and liabilities) in accordance with the GFS guidelines.

136. In accordance with paragraph 1.3 of the Resolution[21] of the Cabinet of Ministers of the Republic of Uzbekistan dated August 24, 2020, the Ministry of Economy and Finance is required to develop a program classification structure. Paragraph 20 of the Order of the Minister of Finance (№1 of January 4, 2021, paragraph 20) supports the introduction of program classification by improving the GFMIS software[22] with the goal of separating the accounting and reporting of funds allocated to state programs. In addition, the technical aspects were developed and implemented to allocate expenditures of the state budget to programs (with Minister's Decree, Terms of References, and reports on programs attached).

4.1. Budget classification

Performance level and evidence for scoring:

137. Administrative, economic and functional classifications (3 digits) are used for all stages of budget process: budget formulation, execution and reporting. The classifications used include source of funds segment. Classification is compatible to GFSM 2014 manual. Score B.

Performance change since a previous PEFA assessment:

138. The 2019 PEFA scored the indicator B. Budget classification is consistent with the international standard GFSM 2001 - with some exceptions in reporting - and linked with the Chart of Accounts. It also complies with the OECD Classification of the functions of government (COFOG).

139. There have been Improvements in classification given the move to GFSM 2014 from GFSM 2001. However, program classification has to be further developed in order to reach score A.

PI-5. Budget documentation

140. **What does PI-5 measure?** This indicator assesses the comprehensiveness of the information provided in the annual budget documentation, as measured against a specified list of basic and additional elements. Coverage is BCG for the last budget submitted to the legislature.

Methodological notes:

141. The budget documentation was examined with respect to the elements in the indicator.

[21] https://lex.uz/docs/4966572
[22] UzАСБО and ИСУГФ

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-5. Budget documentation (M1)		**B**	**B**
5.1. Budget documentation	4 basic and 3 additional elements are presented in budget documentation	B	B

Detailed description of the country PFM system for the assessed performance indicator:

142. The Budget Code (article 96) defines Budget proposal requirements. Budget proposal includes key macroeconomic indicators, fiscal strategy, updated forecasts on the current year budget, draft budget (revenues, expenditure, deficit financing) for the next fiscal year, information on debt stock and on annual borrowing limits.

Recent or ongoing reform activities:

143. Annual budgets of Uzbekistan are being adopted in the legal form of law since 2020. Medium-term fiscal information and information on public debt stock were introduced in the annual budget law.

5.1. Budget documentation

Performance level and evidence for scoring:

Table 5.1: Budget documentation (last budget submitted to the legislature)

Element/ Requirements	Included (Y/N)	Source of evidence and comments
Basic elements		
1. Forecast of the fiscal deficit or surplus or accrual operating result	Y	Budget address to Parliament, table #38
2. Previous year's budget outturn, presented in the same format as the budget proposal	Y	Budget address to Parliament, chapter 2
3. Current fiscal year's budget presented in the same format as the budget proposal	Y	Budget address to Parliament, annexes #2 and #3
4. Aggregated budget data for both revenue and expenditure	Y	Budget address to Parliament, annexes #2, #3 and #4. Annual reports on state budget execution and State targeted funds
Additional elements		
5. Deficit financing, describing its anticipated composition	Y	Budget address to Parliament, table #40
6. Macroeconomic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate	N	GDP growth and Inflation forecasts are presented only. Budget address to Parliament, annex #1
7. Debt stock, including details at least for the beginning of the current fiscal year presented in	N	Budget address to Parliament, chapter #3.6. Information on debt stock is presented as of July 1 of pre-budget year only.

Element/ Requirements	Included (Y/N)	Source of evidence and comments
accordance with GFS or other comparable standard		
8. Financial assets, including details at least for the beginning of the current fiscal year presented in accordance with GFS or other comparable standard	N	
9. Summary information of fiscal risks	N	
10. Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of ***all*** major revenue policy changes and/or changes to expenditure programs	Y	Budget address to Parliament, chapters #2 and #3
11. Documentation on the medium-term fiscal forecasts	Y	Budget address to Parliament contains information for budget year 2024 as well as for 2025-2026
12.Quantification of tax expenditures	N	

Source: https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf

144. Four basic and three additional elements are presented in the budget documentation. Score B

Performance change since a previous PEFA assessment:

145. The budget documentation fulfils seven elements, including all four basic elements and three additional elements. Score B.

146. Although score B is kept, there are improvements since 2019. Partial information on element 7 is added but insufficient to meet the criteria. Information on element 11 is added since 2019. Moreover, element 6 in the previous PEFA was only partially provided.

PI-6. Central government operations outside financial reports

147. **What does PI-6 measure?** This indicator measures the extent to which government revenue and expenditure are reported outside central government financial reports. Coverage is CG for the last completed fiscal year (2023). This indicator uses the **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

148. The Budget Code, budget laws and budget execution reports were examined. Meetings were held with representatives of MOEF, State Treasury, Chamber of Accounts, Finance Committee of the Parliament. Information was supplied by filling in the pre-meeting questionnaire.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-6. Central government operations outside financial reports (M2)		**A**	**C**
6.1. Expenditure outside financial reports	The expenditures of all state targeted funds, UFRD and extra-budgetary funds are recorded in the TSA and reflected in the government's financial reports as are expenditure by IFIs.	A	D
6.2. Revenue outside financial reports	The revenues of all state targeted funds, UFRD and extra-budgetary funds are recorded in the TSA and reflected in the government's financial reports	A	B
6.3. Financial reports of extrabudgetary units	Detailed financial reports of all extra-budgetary units and IFI expenditure are submitted to government annually within three months of the end of the fiscal year	A	C

Detailed description of the country PFM system for the assessed performance indicator:

149. The financial operations of the Central Government include central government ministries and agencies (budgetary organizations), state targeted funds, UFRD, extra-budgetary funds of budgetary organizations and programs funded by International Financial Institutions (IFIs).

150. According to Articles 45-46 of the Budget Code, all these organizations and funds are included in the consolidated budget of the Republic of Uzbekistan, which is compiled by the Ministry of Economy and Finance based on the results of the financial year for analytical purposes. The legislation prohibits the creation of funds that are formed at the expense of the consolidated budget of the Republic of Uzbekistan but are not part of it.

151. In 2023, more than 60 first-level budgetary organizations, 26 state targeted funds, UFRD, extra-budgetary funds of budgetary organizations were financed from the budget. From 2020, the incomes and expenditures of all these organizations and funds are recorded in the TSA. UFRD has accounts both in Central Bank and TSA.[23]

152. Budget organizations, state targeted funds, UFRD, as well as extra-budgetary funds of budgetary organizations revenue and expenditure forecasts, are outlined in annexes #1, #3 and #4 of the Law on the State Budget.[24] Financial reports of state funds are presented in Chapter VI of the state budget execution report.[25]

153. IFI expenditure is not administered through the TSA. The accounting and execution monitoring is carried out by the External Debt Department of the Ministry of Economy and Finance. The plan of programs financed by IFIs is outlined in the first annex of the state budget "Parameters of the consolidated budget" under the deficit financing table State programs at the expense of foreign debt.

[23] URFC reports that 64% of its transactions in 2023 were though TSA

[24] ЗРУ-813-сон 30.12.2022. О Государственном бюджете Республики Узбекистан на 2023 год (lex.uz)

[25] https://api.mf.uz/media/menu_attachments/2022_yil_budjet_ijrosi.pdf

The actual performance is presented in the annual performance report of the state budget. In 2023, the volume of programs financed by IFIs amounted to 9.2865 trillion soums. Investments by IFI are treated as kind (equipment, direct capital, etc.) expenditures rather than funds that are then spent by the Government on those items.

154. In 2023, 18% of the expenditure of the consolidated budget of the Republic of Uzbekistan was made up of state targeted funds, UFRD (7%), and extra-budgetary funds of budgetary organizations (9%). It should be noted that 72% of the expenditures of the state targeted funds are the expenditures of the pension fund.

Recent or ongoing reform activities:

155. In accordance with the Decree of the President of the Republic of Uzbekistan No.PD-4555 of December 30, 2019,[26] from 2020, budgetary organizations, state targeted funds, UFRD, and extra-budgetary funds of budgetary organizations conduct operations exclusively on the Single Treasury Account (TSA). From 2021, all these organizations have conducted foreign exchange operations exclusively on the TSA account.

156. In accordance with the Decree of the President of the Republic of Uzbekistan No.PD-123 dated February 8, 2022[27] "On measures to accelerate the reform of state institutions" state institutions must have their accounts in TSA. In this regard, extra-budgetary accounts (national and currency) of budgetary organizations, as well as State targeted funds are covered by TSA. At the end of 2021, the changes made to the Budget Code[28] prohibited the creation of state funds that are not reflected in the consolidated budget statement.

6.1. Expenditure outside financial reports

157. *Dimension 6.1 assesses the magnitude of expenditures incurred by budgetary and extra-budgetary units (including social security funds) that are not reported in the government's financial reports.*

Performance level and evidence for scoring:

158. The use of expenditures of state targeted funds (26 funds) is defined for each separately according to their function. The procedure for the formation and use of funds from extra-budgetary funds of ministries and departments is determined by the Cabinet of Ministers of the Republic of Uzbekistan. The Pension Fund (72%) and the Road Development Fund (12%) have the largest expenditures in the total expenditures of the state targeted funds. Uzbekistan Fund for Reconstruction and Development is a financial institution under the Cabinet of Ministers of the Republic of Uzbekistan. UFRD accumulates funds for financing priority investment projects and projects for modernization, technical re-equipment of basic sectors of the economy, etc. Expenditures from the extra-budgetary

[26] https://lex.uz/docs/4673469
[27] https://lex.uz/docs/5851501
[28] https://lex.uz/ru/docs/5797766?ONDATE=29.12.2021%2000#5798419

funds of ministries and departments are used for: strengthening the material and technical base; material incentives for employees; and covering other expenditures.

159. All of these are on budget and are deemed extra-budgetary in Uzbekistan but are not extra-budgetary in the context of PI-6. The expenditures of all state targeted funds, UFRD and extra-budgetary funds are recorded in the TSA and reflected in the government's financial reports as are expenditure by IFIs. Score A.

Performance change since a previous PEFA assessment:

160. Expenditure outside government financial reports is more than 10% of total BCG expenditure (including net lending), primarily due to UFRD expenditure (including net lending) which is reported outside government financial reports. Score D.

161. The reform carried out in 2020-2022 ensured that the expenditures of all state targeted funds, UFRD, extra-budgetary funds of budgetary organizations were recorded in TSA and included in the government reports. Accordingly, the 2019 score D has been increased to score A.

6.2. Revenue outside financial reports

162. *Dimension 6.2 assesses the magnitude of revenues received by budgetary and extra-budgetary units (including social security funds) that are not reported in the government's financial reports.*

Performance level and evidence for scoring:

163. State targeted funds are created to carry out government functions, the funds are generated from deductions from taxes, mandatory payments and fines, sponsorship funds and other income established by decisions of the President of the Republic of Uzbekistan and the Cabinet of Ministers of the Republic of Uzbekistan, as well as budget transfers and subsidies.

164. UFRD revenues are generated from: proceeds from the excess of the world price for strategic resources over the cut-off price; income from asset management of UFRD and other sources as determined by law. Extra-budgetary funds of budgetary organizations are formed from fees collected.

165. The revenues of all state targeted funds, UFRD and extra-budgetary funds are recorded in the TSA and reflected in the government's financial reports. Score A.

Performance change since a previous PEFA assessment:

166. Revenue outside government financial reports is slightly less than 5% of total BCG revenue, primarily due to UFRD revenue, which is reported outside government financial reports. Score B

167. The reform carried out in 2020-2022 ensured that the revenues of all state targeted funds, UFRD, extra-budgetary funds of budgetary organizations were recorded in TSA and included in the government reports. Accordingly, the 2019 score B has been increased to score A.

6.3. Financial reports of extra-budgetary units

168. *Dimension 6.3 assesses the extent to which ex-post financial reports of extra-budgetary units are provided to central government.*

Performance level and evidence for scoring:

169. The report of state targeted funds is prepared annually and quarterly. It is submitted to the legislative together with the state budget report. The coverage and preparation period of the state targeted funds report is determined by Article 166 of the Budget Code. Quarterly reports are prepared no later than 25 days after the end of the quarter, the annual report no later than April 1 of the following year. The report of the state targeted funds is presented in the 6th chapter of the state budget report.[29] The report also includes information on extrabudgetary funds. The information is presented according to the ministries managing the extrabudgetary funds.

170. The Executive Directorate of UFRD submits to the Accounts Chamber and the Ministry of Economy and Finance of the Republic of Uzbekistan quarterly, by the 25th day of the month following the reporting quarter, a report on the execution of income and expenditures of UFRD.

171. Extra-budgetary funds of budgetary organizations operations are recorded in TSA. Despite this, they are not reported in the level of detail as other organizations of the central government. It should be noted that the MOEF through TSA has full information on the income and expenses of extra-budgetary funds of budgetary organizations. These funds make up 7% of the total operations of the central government. IFI expenditure is also included in annual performance report of the state budget.

172. Detailed financial reports of all extra-budgetary units and IFI expenditure are submitted to government annually within three months of the end of the fiscal year. Score A.

Performance change since a previous PEFA assessment:

173. Detailed financial reports of less than 75% of extra-budgetary units are submitted to government annually within nine months of the end of the fiscal year. This is caused by UFRD, reporting separately to the President. The report had not been disclosed. Score C

174. The reform carried out in 2020-2022 ensured that the expenditures of all state targeted funds were recorded in TSA and included in the government reports. Accordingly, the 2019 score C has been increased to score A.

PI-7. Transfers to subnational governments

175. **What does PI-7 measure?** This indicator assesses the transparency and timeliness of transfers from central government to subnational governments with direct financial relationships to it. It considers the basis for transfers from central government and whether subnational governments

[29] https://api.mf.uz/media/menu_attachments/2022_yil_budjet_ijrosi.pdf

receive information on their allocations in time to facilitate budget planning. This covers CG and the subnational governments with direct financial relationships with CG for the last completed fiscal year, 2023. This indicator uses the **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

176. The Budget Code, budget laws and budget execution reports were examined. Meetings were held with representatives of MOEF. Information was supplied by filling in the pre-meeting questionnaire.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-7. Transfers to subnational governments (M2)		**C**	**D**
7.1. System for allocating transfers	Existing regulations do not allow for a transparent, rules-based system for predicting transfers	D	D
7.2. Timeliness of information on transfers	Information on the volume of transfers for 2024 local budgets was received four weeks before the submission of the draft budget to the legislative	B	D

Detailed description of the country PFM system for the assessed performance indicator:

177. The budget system of Uzbekistan consists of three levels: (i) the republican budget of the Republic of Uzbekistan; state targeted funds; (ii) the budget of the Republic of Karakalpakstan, local budgets of 12 regions and the city of Tashkent; and (iii) the 226 budgets of districts and cities.

178. The inter-budgetary transfers are from the first-level budget to the second-level budget and from the second-level budget to the third-level budget. It is forbidden to transfer: from the first-level budget to the third-level budget, from the second-level budget to another territorial-administrative third-level budget and between budgets of the same level as well as state targeted funds to third-level budgets. The central government allocates transfers for lower-level budgets only to the budgets of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent.

179. Relations between different budget levels are regulated by Chapter 20 of the Budget Code (Articles 132-142). Inter-budgetary transfers are carried out in the form of distributed income, subsidies, budget loans, equalizing inter-budget transfers and targeted social transfers.

180. In 2023, the budget of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent received only distributed revenues, equalizing inter-budgetary transfers and budget loans.

181. Distributed revenues - Incomes formed in the territories of the corresponding administrative-territorial units and included in the higher-level budget. They can be transferred to the budget of the administrative-territorial unit where they are formed. The amount of distributed revenues is

determined after the approval of the fiscal strategy (by June 15) and is adopted in the draft law on the state budget.

182. Distributed revenues are transferred within the limits of actual receipts from them, but not more than their approved volume.

183. Equalizing inter-budgetary transfers – are provided on a non-refundable basis to cover the expenditures of the second level of the budget in part exceeding the income forecasts of these budgets. Amounts of equalizing inter-budgetary transfers are determined after the approval of the fiscal strategy (by June 15) is adopted by the draft law on the state budget.

184. Regardless of the fulfillment of revenue forecasts for lower budgets, a reduction in the size of equalizing inter-budgetary transfers is not allowed.

185. Budget loans - provided on a repayable interest-free or interest-bearing basis, provided that the maximum mobilization of budget sources does not cover the costs provided for by the relevant budgets.

Recent or ongoing reform activities:

186. Until 2021, the distribution of taxes from the republican budget to the second-level budget was determined by the Cabinet of Ministers of the Republic of Uzbekistan, and after 2021, the distribution of taxes is determined by the Law on the State Budget.

187. Since 2021, equalizing inter-budgetary transfers have been in effect, which are transferred to the lower budget on a non-refundable basis. It is allocated to cover expenses exceeding budget revenues. Equalizing inter-budgetary transfers are determined after the approval of the fiscal strategy (by June 15) is adopted by the draft law on the state budget.

188. Amendments to the Budget Code[30] at the end of 2020 added Article 90, according to which, no later than five working days after the approval of the fiscal strategy, the MOEF informs the lower-level budgets of the upper limit of the volume of transfers. In 2020, Order No. 57 of the Minister of Finance of Uzbekistan was adopted, which established the procedure for determining and transferring between budgets. The order determines the methodology for calculating transfers for the budgets of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent. The order determines the structure of income and expenses of local budgets and the basis for their calculation.

7.1. System for allocating transfers

189. *Dimension 7.1 assesses the extent to which transparent, rule-based systems are applied to budgeting and the actual allocation of conditional and unconditional transfers.*

Performance level and evidence for scoring:

[30] https://lex.uz/ru/docs/5193332?otherlang=3

190. In 2023, the budget of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent received only distributed revenues, equalizing inter-budgetary transfers and budget loans from the republican budget.

191. The volume of distributed revenues for local budgets is determined annually and may vary from year to year.

192. The volume of equalizing inter-budgetary transfer is based on the difference between income and expenses. Although the methodology of its calculation is determined by the order of the Minister of Finance, it significantly depends on the size of the volume of distributed income. In 2023, transfers from the republic budget to the budget of the Republic of Karakalpakstan, local budgets of 12 regions and the city of Tashkent amounted to 30% of their budget.

193. The volume of budget loans also depends on the balance of budget revenues and expenditures for a specific period.

194. Existing regulations do not allow for a transparent, rules-based system for predicting transfers. Score D

Performance change since a previous PEFA assessment:

195. The horizontal allocation of the only transfer to (donor) subnational governments from central government (i.e., the subvention) is not fully determined by a transparent and rule-based system. The main issue is inadequate transparency and rules, and variability from one year to another. Score D

196. There is no change in the score since the previous PEFA.

7.2. Timeliness of information on transfers

197. *This dimension assesses the timeliness of reliable information to subnational government of their allocations from central government.*

Performance level and evidence for scoring:

198. Within five working days after approving the Fiscal Strategy (approximately June 20), MOEF for the next financial year informs: the Council of Ministers of the Republic of Karakalpakstan, khokimiyats of the regions and the city of Tashkent - the inter-budget limits transfers allocated from the republican budget to the budget of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent, as well as the maximum expenditures for capital investments for design, construction (reconstruction) and equipment of facilities.

199. The procedures and deadlines for the preparation of the local budget draft and submission to the legislative body are determined by Articles 90-99 of the Budget Code. Budget drafts of the Republic of Karakalpakstan, local budgets of regions and cities of Tashkent for the next year:

- are sent by the Council of Ministers of the Republic of Karakalpakstan, the governors of the regions and the city of Tashkent to the Accounts Chamber of the Republic of Uzbekistan for the presentation of the relevant conclusion - no later than September 20;
- are placed for public discussion no later than October 10;
- are reviewed based on the received comments following the results of their public discussion and are submitted accordingly to the Dzhokary Kenes of the Republic of Karakalpakstan, the Council of People's Deputies of the regions and the city of Tashkent no later than October 25.

200. Since the fiscal strategy could not be approved in 2023,[31] the date when the SNGs had the opportunity to know the volume of the next year's transfer should be considered the date of submission of the state budget draft by the MOEF to the Cabinet of Ministers, which was September 15.

Table 7.2: Timeliness of information on transfers (2023)

Type of transfer	Date when information regarding transfers is received by SNGs	Source of evidence of the date of transfers	Date of budget submission to SNG legislature
Distributed revenues	September 15, 2023	2024 state budget draft	October 20-25, 2023
Equalizing inter-budgetary transfers	September 15, 2023	2024 state budget draft	October 20-25, 2023

Data source*: MOEF of the Republic of Uzbekistan. PEFA team analysis*

201. The process by which SNGs receive information on their annual transfers is managed by the Budget Code of the Republic of Uzbekistan, which is generally adhered to and provides clear and sufficient information for SNGs to allow at least six weeks for the completion of their budget planning on time. However, in 2023 the fiscal strategy could not be approved, the official information about the transfers became known to SNGs on September 15. The deadline for submitting the SNGs budget draft to the legislative is October 20, therefore SNGs had four weeks to complete the budget. Score B

Performance change since a previous PEFA assessment:

202. Regions do not receive budget allocation information in order to develop their budget before the Presidential Decree on the approved budget informs them with the amounts of transfers. Score D

203. There is an improvement in the score as information on the volume of transfers for 2024 local budgets was received four weeks before the submission of the draft budget to the legislative.

[31] c.f. PI-15

PI-8. Performance information for service delivery

204. **What does PI-8 measure?** This indicator examines the service delivery information in the executive's budget proposal or its supporting documentation, and in year-end reports or performance audits or evaluations, as well as the extent to which information on resources received by service delivery units is collected and recorded. Coverage is CG for all four dimensions and for PI-8.1, performance indicators and planned outputs and outcomes for the next fiscal year 2024; for PI-8.2, outputs and outcomes of the last completed fiscal year, 2023; and for PI-8.3 and 8.4, last three completed fiscal years, 2021, 2022 and 2023. This indicator uses the **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

205. Budget laws, budget execution reports, budget requests were studied. Information was supplied by MOEF.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-8. Performance information for service delivery (M2)		**C**	**D+**
8.1. Performance plans for service delivery	Information is published annually on the activities to be performed under programs for the majority of ministries' performance indicators relating to the outputs or outcomes of *some* of the CG budget.	D	D
8.2. Performance achieved for service delivery	Information is published annually on the activities performed for *some* ministries and departments of the CG budget	D	D
8.3. Resources received by service delivery units	Information about the resources received for the services provided by all ministries and departments is available in the budget reports (quarterly and annual reports)	A	A
8.4. Performance evaluation for service delivery	Evaluations of the efficiency or effectiveness of service delivery have been carried out for some ministries at least once within the last three years	C	D

Detailed description of the country PFM system for the assessed performance indicator:

206. By the order of the President of Uzbekistan on September 12, 2023,[32] the strategy "Uzbekistan - 2030" has been approved. Goal 46 of the order defines ensuring budgetary stability and effective management of government obligations. The practice of "results-based budgeting" is one of Indicators of the final result of achieving this goal.

207. Since 2020, consistent steps have been taken to establish a result-oriented budget. In 2021, pilot programs were developed by the Ministry of Health, the Ministry of Public Education, the Ministry of

[32] https://lex.uz/docs/6600404

Water Resources and the Road Committee on the basis of the President Decree of December 30, 2020.[33] The total budget amounted to 14.9 trillion soums or 9.2 percent of total budget expenditures. In 2021, the program classification was developed to maintain separate accounting and reporting on budget expenditures allocated to development programs of ministries and departments.

208. In 2022, by decree of the President of the Republic of Uzbekistan dated December 30, 2021 No.PD-73[34], 561 targets were developed for 42 ministries and departments with a total budget of 31.7 trillion soums or 15.2 percent of total budget expenditures. A system has also been created for assessing target indicators of budget expenditures by the internal audit services of ministries and departments.

209. In 2024, by decree of the President of the Republic of Uzbekistan dated December 29, 2023, No.PD-422[35] approved 574 target indicators for the activities of 37 first-level budgetary organizations a budget of 120.0 trillion soums or 33.0 percent of total budget expenditures.

Recent or ongoing reform activities:

210. The initiative of MOEF is to improve the results-oriented budgeting system by introducing program budgeting. A methodological guide has been developed. In this regard, on January 4, 2024, the Cabinet of Ministers of the Republic of Uzbekistan adopted Resolution No. 4 "On approval of the regulations on the procedure for developing, monitoring and assessing the effectiveness of budget programs of budget fund distributors when introducing a program budgeting system in the Republic of Uzbekistan"[36]. The practice of developing and approving budget expenditures in the context of budget programs necessary to ensure the implementation of the goals of ministries and departments is being introduced. Based on this procedure, the government instructed the Ministry of Agriculture to introduce the linking of budget expenditures for 2025 to performance indicators in the context of budget programs and ensuring their implementation.

211. It is planned to increase the coverage of performance audits, both by the Chamber Account and the Internal Audit units of ministries.

8.1. Performance plans for service delivery

212. *Dimension 8.1 assesses the extent to which key performance indicators for the planned outputs and outcomes of programs or services that are financed through the budget are included in the executive's budget proposal or related documentation for 2024, at the function, program, or entity level.*

Performance level and evidence for scoring:

[33] https://lex.uz/docs/5193210
[34] https://lex.uz/docs/5801136?otherlang=3
[35] https://lex.uz/docs/6721185
[36] https://lex.uz/docs/6728807

213. In recent years, significant efforts have been made to implement results-based budgeting. The number of ministries and departments that use KPIs in budget planning has gradually increased. KPIs are also included in budget request forms.

214. In 2024, by decree of the President of the Republic of Uzbekistan dated December 29, 2023, No.PD-422[37] approved 574 target indicators for the activities of 37 first-level budgetary organizations. The ministries and agencies are presented in Table 8.1.

Table 8.1: Performance indicators and planned outputs and outcomes for 2024

billion soums

Service Delivery Ministries/Units	Budget for 2024	Program Objective Description and Purpose	Evaluation Indicators		Information on Planned Indicators
			Output Evaluation Indicators	Outcome Evaluation Indicators	
Ministry of Preschool and School Education	46,647.4	Yes	Yes	Yes	Yes
Ministry of Higher Education, Science and Innovation	6,130.3	Yes	Yes	Yes	Yes
Ministry of Health	4,613.0	Yes	Yes	Yes	Yes
Ministry of Culture	1,100.4	Yes	Yes	Yes	Yes
Ministry of Youth Policy and Sports	1,822.9	Yes	Yes	Yes	Yes
Ministry of Construction and Housing and Communal Services	1,795.5	Yes	Yes	Yes	Yes
Ministry of Agriculture	1,716.2	Yes	Yes	Yes	Yes
Ministry of Water Resources	10,440.1	Yes	Yes	Yes	Yes
Department of Energy	242.6	Yes	Yes	Yes	Yes
Ministry of transportation	6,185.9	Yes	Yes	Yes	Yes
Ministry of Ecology, Environmental Protection and Climate Change	883,2	Yes	Yes	Yes	Yes
Ministry of Mines and Geology	939,1	Yes	Yes	Yes	Yes
Committee for the Development of Competition and Protection of Consumer Rights	11,6	Yes	Yes	Yes	Yes
State Asset Management Agency	11,4	Yes	Yes	Yes	Yes
Ministry of Employment and Poverty Reduction	1,121.9	Yes	Yes	Yes	Yes
Statistics Agency	257.2	Yes	Yes	Yes	Yes
Ministry of Foreign Affairs	874,6	Yes	Yes	Yes	Yes
Ministry of Investment, Industry and Trade	1,068.2	Yes	Yes	Yes	Yes
Ministry of Digital Technologies	313.9	Yes	Yes	Yes	Yes
Ministry of Justice	239.3	Yes	Yes	Yes/	Yes
Ministry of Economy and Finance	11,399,3	Yes	Yes	Yes	Yes
Tax Committee	158.4	Yes	Yes	Yes	Yes

[37] https://lex.uz/docs/6721185

Service Delivery Ministries/Units	Budget for 2024	Program Objective Description and Purpose	Evaluation Indicators		Information on Planned Indicators
			Output Evaluation Indicators	Outcome Evaluation Indicators	
National Television and Radio Company of Uzbekistan	559.9	Yes	Yes	Yes	Yes
National News Agency of Uzbekistan	36.7	Yes	Yes	Yes	Yes
Republican Center for Spirituality and Enlightenment	67.8	Yes	Yes	Yes	Yes
National Center of the Republic of Uzbekistan for Human Rights	14.7	Yes	Yes	Yes	Yes
Council of the Federation of Trade Unions of Uzbekistan	150.0	Yes	Yes	Yes	Yes
Academy of Sciences of the Republic of Uzbekistan	429.9	Yes	Yes	Yes	Yes
Academy of Arts of Uzbekistan	140,3	Yes	Yes	Yes	Yes
Anti-Corruption Agency	30.7	Yes	Yes	Yes	Yes
Agency for Strategic Reforms	38.7	Yes	Yes	Yes	Yes
International non-governmental charitable foundation " For a healthy generation"	0.7	Yes	Yes	Yes	Yes
Republican Center for Social Adaptation of Children	9.1	Yes	Yes	Yes	Yes
National Anti-Doping Agency	8.1	Yes	Yes	Yes	Yes
Committee on Religious Affairs	42.2	Yes	Yes	Yes	Yes
Cultural Heritage Agency	213.6	Yes	Yes	Yes	Yes
National Social Protection Agency	20,274.7	Yes	Yes	Yes	Yes
Sum of budgets of SD Ministries/Units	**119,984.0**				
Sum of CG (Republican Budget + Targeted funds)	**366,539.0**				
%	**33%**				

***Data source**: Decree of the President of the Republic of Uzbekistan[38]; MOEF*

215. In the 2024 planned budget, the performance indicators are used by the budgetary organizations of the central government for 33% of the total expenditures of the state budget and targeted funds. Information is published annually on the activities to be performed under programs for the ministries' performance indicators relating to the outputs or outcomes of some of the Central Government budget. Score D.

Performance change since a previous PEFA assessment:

216. Performance plans are not prepared government wide. Score D.

217. Information on service delivery has increased and is present in 33% of the budget, but the score remains D.

[38] https://lex.uz/docs/6721185

8.2. Performance achieved for service delivery

218. *Dimension 8.2 examines the extent to which performance results for outputs and outcomes are presented either in the executive's budget proposal or in an annual report or other public document, for 2023 in a format and at a level (program or unit) that is comparable to the plans previously adopted within the annual or medium-term budget.*

Performance level and evidence for scoring:

219. By the legislation, each ministry separately submits performance indicators to the Parliament under the leadership of the minister. Article 10 of the Presidential Decree stipulates that there are hearings on reports in the committees of the Legislative Chamber. Every six months the heads of ministries and departments report on the implementation of target indicators related to the use of budget expenditures by managers of budget funds at the first level.

220. In 2022, under decree of the President of the Republic of Uzbekistan dated December 30, 2021, No. PD-73,[39] 561 targets were developed for 42 ministries and departments with a total budget of 31.7 trillion soums or 15.2 percent of total budget expenditures. A system has also been created for assessing target indicators of budget expenditures by the internal audit services of ministries and departments.

221. Table 8.2 presents the ministries and departments of the central government that had developed KPIs by 2023.

Table 8.2: Performance achieved (Outputs and outcomes of 2023)

billion soums

Service Delivery Ministries/Units	Execution Budget for 2023	Program Objective Description and Purpose	Evaluation Indicators		Information on Planned Indicators
			Output Evaluation Indicators	Outcome Evaluation Indicators	
Ministry of preschool and school education	38,346	Yes	Yes	Yes	Yes
Ministry of Higher Education, Science and Innovation	7,059	Yes	Yes	Yes	Yes
Ministry of Health	3,710	Yes	Yes	Yes	Yes
Ministry of Culture and Tourism	1,131.9	Yes	Yes	Yes	Yes
Ministry of Construction and Housing and Communal Economy	1,502.3	Yes	Yes	Yes	Yes
Ministry of Agriculture	1,604.7	Yes	Yes	Yes	Yes
Ministry of Water Resources	3,385.1	Yes	Yes	Yes	Yes
Ministry of Energy	125.4	Yes	Yes	Yes	Yes
Ministry of Transport	5,192.5	Yes	Yes	Yes	Yes
Ministry of Natural Resources	627.9	Yes	Yes	Yes	Yes

[39] https://lex.uz/docs/5801136?otherlang=3

Service Delivery Ministries/Units	Execution Budget for 2023	Program Objective Description and Purpose	Evaluation Indicators		Information on Planned Indicators
			Output Evaluation Indicators	Outcome Evaluation Indicators	
Ministry of Mining and Geology	1,122.4	Yes	Yes	Yes	Yes
Ministry of Youth Policy and Sports	1,595.1	Yes	Yes	Yes	Yes
Committee for the development of competition and protection of consumer rights	9.8	Yes	Yes	Yes	Yes
State Asset Management Agency	10.3	Yes	Yes	Yes	Yes
Ministry of Poverty Reduction and Employment	1,161.4	Yes	Yes	Yes	Yes
Ministry of Foreign Affairs	766.1	Yes	Yes	Yes	Yes
Ministry of Investment, Industry and Trade	935.9	Yes	Yes	Yes	Yes
Ministry of Digital Technologies	247.7	Yes	Yes	Yes	Yes
Ministry of Justice	241.6	Yes	Yes	Yes	Yes
Ministry of Economy and Finance*	18,204.3	Yes	Yes	Yes/	Yes
Anti-Corruption Agency	25.6	Yes	Yes	Yes	Yes
National Broadcasting Company of Uzbekistan	555.9	Yes	Yes	Yes	Yes
National Information Agency of Uzbekistan	33.7	Yes	Yes	Yes	Yes
Republican Center of Spirituality and Enlightenment	65.7	Yes	Yes	Yes	Yes
Academy of Sciences	363.3	Yes	Yes	Yes	Yes
Federation of Trade Unions of Uzbekistan	150.0	Yes	Yes	Yes	Yes
Agency of Cultural Heritage	196.3	Yes	Yes	Yes	Yes
Sum of budgets of Service Delivery Ministries/Units	**88,370.2**				
Sum of CG (Republican Budget + Targeted funds)	**355,097.4**				
%	**25%**				

***Data source**: Decree of the President of the Republic of Uzbekistan[40]; MOEF.*

222. In 2023, the performance indicators are used by the budgetary organizations of the central government for 25% of the total expenditures of the state budget and targeted funds. Performance information is published annually on the activities for some ministries and departments of the CG budget. Score D.

Performance change since a previous PEFA assessment:

223. No reporting on performance on realized outputs or outcomes takes place. Score D

224. In 2023, Information on service delivery is present for 25% of the budget, but the score is still D.

8.3. Resources received by service delivery units

[40] https://lex.uz/docs/5801136?otherlang=3

225. *Dimension 8.3 measures the extent to which information is available on the level of resources actually received by service delivery units of at least two large ministries (such as schools and primary health clinics) and the sources of those funds for 2021, 2022 and 2023.*

Performance level and evidence for scoring:

226. Information about the resources received for the services provided by all ministries and departments at the level of cost centers and by source is available in the budget reports (quarterly and annual reports).

227. The funds that are recorded as non-budgetary funds of ministries and departments are included in the state budget. Non-budgetary funds of all ministries and departments are recorded in TSA. Score A

Performance change since a previous PEFA assessment:

228. Tracking of information on all types of resources received in cash and in kind is done through UzASBO. Each service delivery unit provided information to the parent ministry, which consolidated the information on an annual basis. Score A

229. There is no change in the score since the previous PEFA.

8.4. Performance evaluation for service delivery

230. *Dimension 8.4 considers the extent to which the design of public services and the appropriateness, efficiency, and effectiveness of those services is assessed in a systematic way through program or performance evaluations for 2021, 2022 and 2023.*

Performance level and evidence for scoring:

231. The Chamber of Accounts conducted a study on the implementation of performance indicators for 2021 related to the use of budget funds of the Ministries of Public Education, Health, Water Management and the Highways Committee.[41]

232. In accordance with the Resolution of the President of the Republic of Uzbekistan dated 30.12.2021 No. RP-73, the Chamber Account audited the performance of target indicators in 40 ministries and agencies by the end of 2022,[42] which was the only year information is available. The performance of 547 target indicators of ministries and agencies was assessed and 360 indicators (65.8%) were fully implemented, 128 indicators (23.4%) – partially, 59 indicators (10.8%) – not implemented at all. Performance audit is also conducted by internal audit of ministries and agencies. Performance audits conducted by internal audit services in the past years covered only a small part of ministries' expenditures and were mostly pilot in nature. Evaluations of the efficiency or effectiveness of

[41] https://ach.gov.uz/uz/lists/view/336
[42] https://ach.gov.uz/uz/lists/view/337

service delivery have been carried out for some ministries at least once within the last three years**.** Score is C.

Performance change since a previous PEFA assessment:

233. No efficiency or effectiveness studies have been conducted. Score D

234. From 2021, the Chamber of Accounts started a study on the implementing performance audits. In the past period, efficiency audits were conducted in some ministries and agencies of the central government. As a result, the score has increased to C.

PI-9. Public access to fiscal information

235. **What does PI-9 measure?** This indicator assesses the comprehensiveness of fiscal information available to the public based on specified elements of information to which public access is considered critical. Coverage is BCG for the last completed fiscal year.

Methodological notes:

236. Relevant documents were accessed and examined as to their public availability and timeliness.

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-9. Public access to fiscal information		**B**	**C**
9.1. Public access to fiscal information	4 basic and 3 additional elements are available to the public within the specified timeframe.	B	C

Detailed description of the country PFM system for the assessed performance indicator:

237. The Budget Code of Uzbekistan (Articles 17, 166 and 190) stipulates the principles and measures for openness:

- openness to the public and the media for reviewing and adopting the State budget and the budgets of State targeted funds;
- publication of information about the approved State budget and budgets of State targeted funds in the media and on the official website of the Ministry of Finance of the Republic of Uzbekistan; and
- publication in the media, as well as posting and updating on the official website of the Ministry of Finance information on the implementation of the State budget and budgets of State targeted funds.

238. The Budget Code also stipulates that information on the implementation of the State budget and the budgets of State targeted funds for the reporting year, after approval by the Legislative Chamber of the Oliy Majlis is posted on the website of the Ministry of Economy and Finance.

Recent or ongoing reform activities:

239. In accordance with the resolution of the President of the Republic of Uzbekistan No.RP-3917 of August 22, 2018 "On measures to ensure the openness of budget data and active participation of citizens in the budget process" (https://lex.uz/docs/3879207), the following measures have been implemented:

- the system of "initiative budgeting" is introduced, which provides the direction of part of the budget for activities, formed on the basis of public opinion;
- drafts of the State budget and budgets of state special funds, the main directions of tax and budget policy, as well as reports on the execution of budgets of the state budget and state special funds, submitted to the Legislative Chamber of the Republic of Uzbekistan (Oliy Majlis of the Republic of Uzbekistan) are subject to public discussion;
- Citizens' budget, developed by the Ministry of Economy and Finance of the Republic of Uzbekistan, is published.

240. Decree of the President of the Republic of Uzbekistan (dated June 16, 2021 No.DP-6247) is issued "On additional measures to ensure the openness of the activities of state bodies and organizations, as well as the effective implementation of public control" (https://lex.uz/docs/5459053).

241. In accordance with this decree, all government bodies and administrations, including the Chamber of Accounts, the Central Bank, court and prosecutor offices and their structural and territorial subdivisions, as well as economic entities and state-owned unitary enterprises with a state share of more than 50 percent, provide open information for public.

242. In addition, the Ministry of Economy and Finance publishes information on income and expenses relating to the State budget, on the official site of the Ministry's (weekly and annually) Portal open data. (opendata.gov.uz), and in the portal «Открытый бюджет» (openbudget.uz) and places information on official pages of social networks.

243. Decree of the President of the Republic of Uzbekistan (dated June 14, 2022, No.DP-154) "On measures for the implementation of the system of raising and evaluating the level of openness of the activities of state bodies and organizations" (https://lex.uz/docs/6066514).

244. According to the decree, the Openness Index is aimed at evaluating the efficiency and effectiveness of the work carried out on openness in the state authorities and management, as well as societies with 50 or more percent of the state's share in the statutory fund and state-owned unitary enterprises.

245. Additionally, in accordance with paragraph 4 «b» of the Decree of the President of the Republic of Uzbekistan from August 27, 2021 No.DP-6300 and Decree of the President of Uzbekistan from 16 June 2021 No.DP-6247 "On additional measures to ensure the transparency of the activities of state bodies and organizations, as well as the effective implementation of public control" (https://lex.uz/docs/5607474), the Chamber of Control, Ministry of Economy and Finances and Internal Audit Units starting from October 1, 2021 present their quarterly reports to the media.

9.1. Public access to fiscal information

Performance level and evidence for scoring the dimension

Table 9.1: Budget documentation 2023

Element/ Requirements	Criteria met (Y/N)	Within the timeframe (Y/N)	Explanation and source of evidence
Basic elements			
1. **Annual executive budget proposal documentation**. A complete set of executive budget proposal documents (as presented by the country in PI-5) is available to the public within one week of the executive's submission of them to the legislature.	Y	N	2024 draft budget was submitted to the Parliament on October 15, 2023. Budget proposal was published on November 1, 2023, i.e. 15 days after submission. Documents were published on these links https://www.imv.uz/news/category/yangiliklar/post-1696 https://api.mf.uz/media/filestore/Қонун_иловалари_merged.pdf
2. **Enacted budget.** The annual budget law approved by the legislature is publicized within two weeks of passage of the law.	Y	Y	2024 budget was approved on December 25, 2023, and was published on December 26, 2023 https://lex.uz/docs/6707805 https://openbudget.uz/budget-system
3. **In-year budget execution reports**. The reports are routinely made available to the public within one month of their issuance, as assessed in PI-28.	Y	Y	Quarterly reports are available to public within 25 days https://www.imv.uz/static/choraklik-2 https://www.imv.uz/static/davlat-budjeti-xarajatlari-2 https://www.imv.uz/static/davlat-budjeti-daromadlari-2 https://openbudget.uz/incomes https://openbudget.uz/outcomes
4. **Annual budget execution report**. The report is made available to the public within six months of the fiscal year's end.	Y	Y	2023 annual budget execution report was available to public by April 2024, i.e. within 6 months after fiscal year end https://www.imv.uz/static/yillik-2 https://api.mf.uz/media/menu_attachments/2022_yil_budjet_ijrosi.pdf
5. **Audited annual financial report, incorporating or accompanied by the external auditor's report**. The reports are made available to the public within twelve months of the fiscal year's end.	Y	Y	Audited financial report for 2022 was published on June 14, 2023 http://www.ach.gov.uz/uz/lists/view/295 https://ach.gov.uz/uploads/dc70d371-69ea-3346-45ac-d3c217a6f4df.pdf
Additional elements			
6. **Prebudget statement**. The broad parameters for the executive budget proposal regarding expenditure, planned revenue, and debt is made available to the public at least four months before the start of the fiscal year.	Y	N	Document was published on October 15, 2023 https://www.imv.uz/newsletter/fuqarolar-uchun-budjet-nashrlari https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf
7. **Other external audit reports**. All nonconfidential reports on central government consolidated operations are made available to	N	N	Summaries of findings of individual audit reports are published at the CoA website. Individual reports are not available to the public. https://ach.gov.uz/uz/lists/view/348

Element/ Requirements	Criteria met (Y/N)	Within the timeframe (Y/N)	Explanation and source of evidence
the public within six months of submission.			https://ach.gov.uz/uz/lists/view/296 https://ach.gov.uz/uz/lists/view/298 https://ach.gov.uz/uz/lists/view/303 https://ach.gov.uz/uz/lists/view/353 https://ach.gov.uz/uz/lists/view/312 https://ach.gov.uz/uz/lists/view/354
8. **Summary of the budget proposal**. Either (i) a clear, simple summary of the executive budget proposal is publicly available within two weeks of the executive budget proposal's submission to the legislature, or (ii) the enacted budget understandable by the non-budget experts, often referred to as a "citizens' budget," and where appropriate, translated into the most commonly spoken local language(s), is publicly available within one month of the budget's approval.	Y	Y	Citizens' budget available at https://www.imv.uz/newsletter/fuqarolar-uchun-budjet-nashrlari Citizens' budget for the draft annual budget was published on October 15, 2023, within one day of budget proposal submission to the Parliament. Citizens' budget is translated and published in Russian and English languages as well. Citizens' budget was also published on the 2022 executed budget on May 11, 2023
9. **Macroeconomic forecasts**. The forecasts, as assessed in PI-14.1, are available within one week of their endorsement.	Y	Y	Macroeconomic forecasts are included in the annual budget and were available to the public on Dec 26, 2023 within 6 days after annual budget was approved. https://lex.uz/docs/6707805 https://openbudget.uz/budget-system

246. Four basic and two additional elements are available to the public within the specified timeframe. Two more elements were published as well but not within the specified timeframe. Score B

Performance change since a previous PEFA assessment:

247. Four basic elements and one additional element are made available to the public within the specified timeframe in 2018. Score C

248. The score has improved as one more additional element is published while two more elements were published but not within the specified timeframe.

PILLAR THREE: Management of assets and liabilities

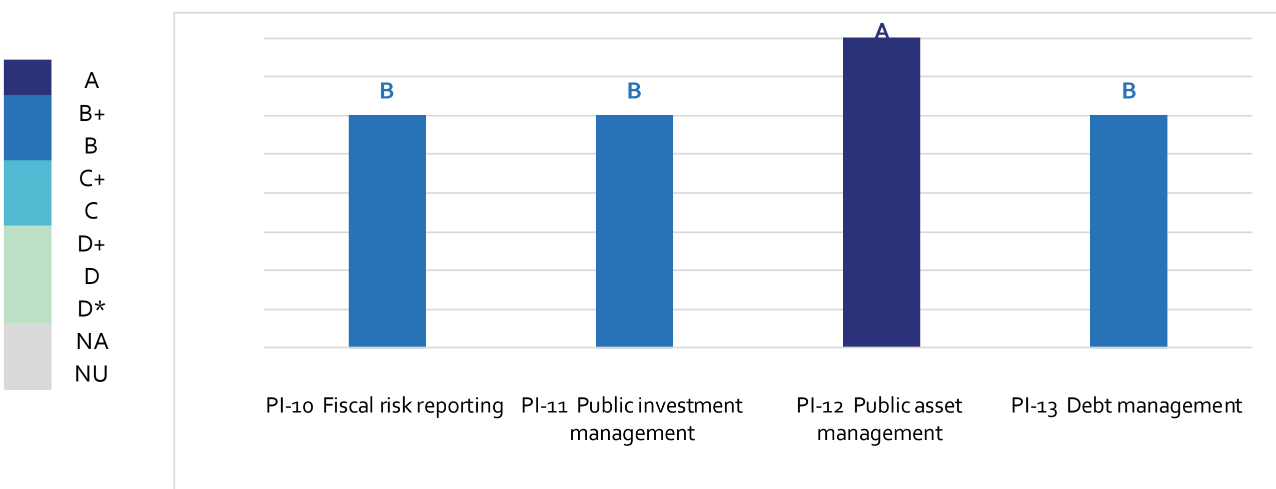
249. **What does Pillar III measure?** Effective management of assets and liabilities ensures that public investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.

Overall performance: Analysis of key strengths and weaknesses

250. There is considerable strength in Pillar Three, which covers management of assets and liabilities. Fiscal risk reporting relating to SOE and Subnational government audited accounts is strong. The former is reflected in the reporting of financial assets monitoring and also in the in-year budget reports, which includes both financial and non-financial assets. However, the stock of the latter at the beginning of the year is not included in budget documentation. A wider fiscal risk report is under preparation but has not yet been finalized and published and is not therefore available in the budget documentation. Investment management is strong but reflects a weakness in PEFA terms from the availability of published economic analysis that have been produced whereas the prioritization guidelines are published. The full costing of projects is not detailed in the budget documentation, which also reflects a weakness in the medium-term perspectives in expenditure budgeting. A lack of a debt management strategy exists but only for internal use which impacts on the strengths of the overall debt management system. The debt stock at the beginning of the year is not included in the budget documentation.

251. The overall performance of the indicator is high as shown in the chart with both a median and mode score of B.

Figure PILLAR THREE: Management of Assets and Liabilities



PI-10. Fiscal risk reporting

252. **What does PI-10 measure?** This indicator measures the extent to which fiscal risks to central government are reported. Fiscal risks can arise from adverse macroeconomic situations, financial positions of subnational governments or public corporations, and contingent liabilities from the central government's own programs and activities, including extra-budgetary units. They can also arise from other implicit and external risks such as market failure and natural disasters. For the last completed fiscal year, 2023, this indicator covers CG-controlled public corporations for PI-10.1, subnational government entities that have direct fiscal relations with CG for PI-10.2, and CG for PI-10.3. It uses the **M2** (AV) method for aggregating dimension scores.

Methodological notes:

253. Meetings were held with State Assets Management Agency and Chamber of Accounts (Audit). References and on-line data likes were supplied. Meeting was held with the Fiscal Risk Department of the MOEF, which supplied details of the Fiscal Risk Report under preparation.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-10. Fiscal risk reporting (M2)		**B**	**B**
10.1. Monitoring of public corporations	Three per cent of SOEs (by expenditure size) were not audited and 87 per cent were audited within 6 months of the end of the financial year. An aggregate report on the performance of state-owned enterprises is published on the website of the State Assets Management Agency	B	B
10.2. Monitoring of subnational governments	The consolidated report of *the* External Audit of the Execution of the State Budget was published on the website of the Accounts Chamber on June 14, 2023. The audit report of Tashkent City was submitted on April 5, 2023.	A	A
10.3. Contingent liabilities and other fiscal risks	A Fiscal Risk Report is currently under preparation and is due to be published.	D	D

Detailed description of the country PFM system for the assessed performance indicator:

Monitoring of State-Owned Enterprises

254. The Cabinet of Ministers Resolution No. 674 of October 30, 2020, was adopted to ensure transparency and disclosure of state-owned companies.[43] As a result, state bodies with a state share of more than 50 percent must disclose information on their financial and economic activities and have an official website where information and reports must be published. The requirements for the websites are approved by Government Resolution No. 81 of February 19, 2021.

255. Additionally, the practice of publishing an aggregate report on the performance of state enterprises, and the use of state property on the website of the State Assets Management Agency (SAMA), as well as its submission to the Oliy Majlis, the President and the Cabinet of Ministers, has been introduced.

Monitoring of Subnational Governments

256. Article 26 of the Budget Code instructs the Accounts Chamber of the Republic of Uzbekistan (ChAUz) to conduct an external audit and assessment of the annual report on the execution of the budget of the Republic of Karakalpakstan, local budgets of regions and the city of Tashkent and presents conclusions on them to the Council of Ministers of the Republic of Karakalpakstan, khokims of the regions and the city of Tashkent, respectively. In accordance with Article 167 of the Budget Code the reports are submitted to the Jokargy Kenes of the Republic of Karakalpakstan, the Kengashes of people's deputies of the regions and the city of Tashkent. In addition, the conclusions of the Audit based on the results of an external audit and assessment of annual reports on the execution of the State budget and budgets of state targeted funds are subject to mandatory publication. The conclusion of the Accounts Chamber on the execution of local budgets in a consolidated form is included in the annual report on the execution of the State budget and is published. Article 168 of the Budget Code requires all subnational entities to submit annual reports on the execution of the relevant budgets after May 10 of the year following the reporting year to their governing bodies.

Recent or ongoing reform activities:

257. The Government Resolution No. 166 of March 29, 2021, approved the Strategy for the Management and Reform of Enterprises with State Participation for 2021-2025, which provides for the reduction of state participation in the economy, the reform of enterprises with state participation and the introduction of modern methods of corporate governance. In this:

- by 2025, the number of enterprises with state participation will be reduced by 75% through the implementation of the "sell or explain" principle (currently reduced by 40%);
- improvement of the regulatory framework in the field of state property management (development of the Laws “On the management of state property” and “On the privatization of state property”, as well as other regulatory documents”;
- shifting state-owned enterprises' operations to market mechanisms (establishing non-commercial objectives, ensuring fair conditions for the private sector, etc.);

[43] https://lex.uz/uz/docs/5077754

• introduction of modern methods of corporate governance (improving the remuneration system for management bodies, monitoring the corporate governance system, imposing fiduciary obligations on members of the supervisory board, introducing independent members, etc.);
• Transparency and disclosure of information (publication of aggregate report on the activities of state-owned enterprises, ensuring transparency of procurement, etc.).

Fiscal Risk Reporting

258. During 2023 the Fiscal Risk Department in the Ministry of Economy and Finance initiated work on producing an annual Fiscal Risk Report.

10.1. Monitoring of public corporations

259. *Dimension 10.1 assesses the extent to which information on the financial performance and associated fiscal risks of the central government's public corporations is available through audited annual financial statements.*

Performance level and evidence for scoring:

Table 10.1: Monitoring of public corporations 2023

State Owned Enterprise	Revenue Bln UZS	Expenditure Bln UZS	Audited?	Audit report date	Published	If yes, reference
"Navoiy KMK" AJ	57,194	24,281	Yes	26/09/23	Yes	https://www.ngmk.uz/uploads/photo/about-ngmk/infos/NMMC_IFRS_financial_statements_2022.pdf
"Navoiyuran" DK[44]	6,024	3,205				
"Olmaliq KMK" AJ	31,167	14,717	Yes	25/08/23	Yes	https://agmk.uz/en/menu/ifrs-ammc
"O'zmetkombinat" AJ	8,768	6,091	Yes	03/08/23	Yes	https://www.uzbeksteel.uz/userfiles/files/UMK%20IFRS%20FS%202022_Signed.pdf
"O'zbekneftgaz" AJ	28,215	20,991	Yes	29/06/23	Yes	https://webdev.ung.uz/media/allfiles/files/b71480392f744423990b4c8d3e13e9db.pdf
"O'ztransgaz" AJ	20,801	9,496	Yes	14/03/24	Yes	https://utg.uz/uz/invest/hisobotlar/
"Hududgazta'minot" AJ	9,641	8,733	Yes	13/06/23	Yes	https://hududgaz.uz/page;jsessionid=F1743E5A09A6177C20929D439CEFCD2F?m=92
"UzGasTrade" AJ	8,650	17,799	Yes	25/06/23	No	

[44] Navoiyuran has been operating as an independent enterprise since January 1, 2022. Therefore, based on the requirements of the International Standard of Financial Reporting No. 1 (IFRS 1 "First-time Adoption of International Financial Reporting Standards"), it is the first time to adopt the International Standards of Financial Reporting its use is prepared on the basis of a 3-year report.

“O‘zbekiston MET” AJ	21,120	22,843	Yes	29/06/23	Yes	https://www.uzbekistonmet.uz/uz/lists/view/304
“Issiqlik elektr stansiyalari” AJ	1,625	1,968	Yes	15/06/23	Yes	https://tpp.uz/en/page/audit-reports
“Hududiy elektr tarmoqlari” AJ	425	410	Yes	22/06/23	Yes	https://het.uz/uploads/6cee187d-be17-a982-0eef-84c17bfac5dd_media_.pdf
“O‘zbekgidroenergo” AJ	2,438	708	Yes	05/05/23	Yes	https://upload.uzgidro.uz/upload/files/2023_08_22_04_47_1564e43dd394e20.pdf
“O‘zkimyosanoat” AJ	714	599	Yes	05/04/23	No	
“Navoiyazot” AJ	5,306	2,494	Yes	01/12/23	Yes	https://www.navoiyazot.uz/uploads/financial_reports/2c87a4b0c6fa5fd753b0f7625a5d97b4.pdf
“O‘zbekiston temir yo‘llari” AJ	12,999	12,090	No (ongoing)			
“Uzbekistan airways” AJ	16,110	13,149	Ongoing			
“Uzbekistan Airports” AJ	6,030	5,759	Ongoing			
“Toshshahartransxizmat” AJ	184	576	Yes	05/07/23	No	
“O‘zavtosanoat” AJ	75,091	66,878	Yes	20/11/23	No	
“O‘zbektelekom” AJ	6,360	3,835	Yes	08/09/23	Yes	https://uztelecom.uz/uploads/media/Consolidated%20financial%20statements%20UZTELECOM%202022.pdf
“O‘zbekiston pochtasi” AJ	382	408	Yes	29/05/23	No	
“O‘zbekko‘mir” AJ	1,039	563	Yes		No	
“Agrobank” ATB	5,313	3,055	Yes	26/06/23	Yes	https://agrobank.uz/ru/shareholders-and-investors/audit
“Asakabank” ATB	3,348	2,119	Yes	08/05/23	Yes	https://back.asakabank.uz/media/files/IFRS_report_2022_2vDnE8w.pdf
“O‘zsanoatqurilishbank” ATB	5,069	2,626	Yes	17/05/23	Yes	https://www.sqb.uz/en/for-investors/reports-and-presentations-uz/
AT “Xalq banki”	3,982	1,289	Yes	31/05/23	Yes	https://xb.uz/cdn/2/uploads/2024/02/26/00/15/aluI9aTkD3Xyp9VLCYzb8AvxX_HE6L3sCtZYAOWKg0U8jZJtdRwF7NoWa4c6EvDY.pdf
“Turonbank” ATB	1,073	612	Yes	26/06/23	Yes	https://turonbank.uz/oz/shareholders/disclosures/financial-indicators/
“Qishloqqurilishbank” ATB	2,613	1,541	Yes	26/06/23	Yes	https://manage.brb.uz/storage/documents/EHBmXZkQLHXrCPysIEqG6E4d59NRMKxzw3IjHofl.pdf
AT “Aloqabank”	1,509	957,798	Yes	20/06/23	Yes	https://aloqabank.uz/upload/iblock/64b/yophtadbem8cha9d97rjxj25bdwfn4fw/2022-Audit-xulosasi-va-Hisobot-eng.pdf
“O‘zmilliy bank” AJ	8,714	3,451	Yes	28/04/23	Yes	https://nbu.uz/upload/iblock/b87/twuh74ky9ag37bvgqtj1pplc20ah5cqc/nbu_ifrs_ye2022_eng.pdf
“Mikrokreditbank” ATB	1,622	939	Yes	12/06/23	Yes	https://mkbank.uz/upload/iblock/f55/talmeow0bnwgr2nkhjnvl6ced56yzl5q/Tashki-audit-2022.pdf

Total	353,529	1,211,021
Not Audited		40,494
% not audited		3%
Audited after 6 months		118,872
		10%
Audited within 6 months		1,051,656
		87%

Data source: Ministry of Economy and Finance/UzSAMA

260. SOEs are required to submit their annual unaudited financial statements by February 25. By May 1 they have to submit the relevant audit reports. By July 1 they have to have conducted shareholders. If for some reasons they do not fit within the May 1 deadline, July 1 should be met. The most significant of the SOEs are sampled[45] in table 10.1, which shows that only 3 per cent (by expenditure size) were not audited and 87 per cent were audited within six months of the end of the financial year. Audits are carried out by independent private sector audit companies.

261. An aggregate report on the performance of SOEs (and the use of state property) is published on the website of the State Assets Management Agency[46] in accordance with Presidential Decree No. DP-6257 dated 6 July 2021, Presidential Decree No.PD-101 dated 24 March 2023, Decree of the Cabinet of Ministers No. 166 dated 29 March 2021. This document presents annual aggregated information on state-owned enterprises, including the management system, performance, financial development and important events that occurred in the reporting year. Score B

Performance change since a previous PEFA assessment:

262. Except for one commercial bank, all joint stock public corporations published their audited financial statement within six months of the end of the fiscal year. While analysis is being conducted on the economic and financial situation of public corporations through the use of KPIs, a specific consolidated report on the financial performance of the public corporation sector is not prepared. Score B.

263. Although the score has remained the same there has been a change in the metrics: there is now a consolidated report on performance by SAMA, but the sample of audit reports showed a drop below the 90 per cent to be audited within six months to score A.

[45] This sample was provided to the PEFA Assessment Team and was deemed to be the largest and most significant SOEs.
[46] https://davaktiv.uz/uz/news/davlat-mulkini-boshqarish-togrisidagi-qonunga-muvofiq-tayyorlangan-davlat-ishtirokidagi-korxonalarning-faoliyati-natijadorligi-va-davlat-mulkidan-foydalanish-holati-togrisidagi-yigma-hisobot

10.2. Monitoring of subnational governments

264. *Dimension 10.2 assesses the extent to which information on the financial performance, including the central government's potential exposure to fiscal risks is available through audited annual financial statements of subnational governments.*

Performance level and evidence for scoring:

265. In accordance with the procedure established by the Law "On the Accounts Chamber of the Republic of Uzbekistan" and the Budget Code, the report on the execution of the local budgets in 2022 was subjected to external audit and evaluation by the Accounts Chamber. The audit report of Tashkent City has been examined. The date of submission was dated April 5, 2023. The consolidated report of the External Audit of the Execution of the State Budget was published on the website of the Chamber of Accounts on June 14, 2023.[47] Items relating to local budgets are in section 4.4 (pages 8-10, 62-63, etc.). The consolidated report includes all of the first-tier local authorities. Score A

Performance change since a previous PEFA assessment:

266. Annual regional government financial reporting is part of the consolidated budget execution report that is audited by the Supreme Audit Institution within the same timeframe. The report on the financial position of all subnational governments is consolidated with the report on the financial position of the state budget and state targeted funds. Score A

267. There is no change since the previous PEFA with an A Score maintained.

10.3. Contingent liabilities and other fiscal risks

268. *Dimension 10.3 assesses monitoring and reporting of the central government's explicit contingent liabilities from its own programs and projects, including those of extrabudgetary units.*

Performance level and evidence for scoring:

269. A Fiscal Risk Report is currently under preparation and is due to be published in 2024 covering the years up to 2024. The (draft) fiscal risk report provides information on the following risks:

1. Macro-fiscal risks addressing particularly, potential impact of the decrease in the economic growth rates of the main trade partners, rising global inflation and changes in gold price.
2. Financial performance of 27 SOEs addressing total assets/liabilities, external debt, risk level based on financial indicators (liquidity, profitability, etc.)
3. Fiscal liabilities of the state from Public Private Partnerships addressing direct and contingent liabilities of the government arising from PPP projects (includes all projects signed by the end of 2023).

[47] http://www.ach.gov.uz/uz/lists/view/295

4. Climate-related risks addressing the effect of temperature increase on the growth of GRP (gross regional product) and sectoral value-added growth.

270. Section 3.7 of budget document[48] has an analysis of macro-fiscal risks emanating from external global threats on items such as interest rates and wages. However, the full fiscal risk report has not been completed and published. Score D

Performance change since a previous PEFA assessment:

271. Central government entities and agencies do not quantify significant contingent liabilities in their financial reports. Score D

272. While progress is underway in producing a fiscal risk report it is not yet been completed.

PI-11. Public investment management

273. **What does PI-11 measure?** This indicator assesses the economic appraisal, selection, costing, and monitoring of public investment projects by the government, with emphasis on the largest and most significant projects. Coverage is CG for the last completed fiscal year, 2023. This indicator uses the **M2** (AV) method for aggregating dimension scores.

Methodological notes:

274. Meetings were held with the Investment Department in the MOEF. Prior to the field mission a questionnaire was provided to the department requesting the information needed for the indicator.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-11. Public investment management (M2)		**B**	**C**
11.1. Economic analysis of investment projects	There are approved standard criteria for selecting/prioritizing investment which are publicly available. The Investment Department in the MOEF reviews the economic analysis justifying a project presented by a sponsoring department. However, the actual analysis that is carried out is not published.	C	C

[48] https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf

11.2. Investment project selection	Resolution No. 206 established a procedure according to which projects are selected from a portfolio of projects proposed by the initiators based on the prioritization of projects, the main selection criteria and requirements for the project.	A	C
11.3. Investment project costing	The life cycle costs of an investment projects are calculated as part of the project selection process based on the economic analysis. Capital costs are included in the annual budget with provision for ongoing costs in future years. However, the recurrent cost are only included in the current year if the project is completed and operational. Future capital costs and operational costs are included in ministerial forward budget is aggregate rather than being allocated to an identifiable project.	C	C
11.4. Investment project monitoring	There are standard procedures and rules for implementing an investment project that carries out physical and cost monitoring of the investment. Information on monitoring is published on a quarterly basis.	A	C

Detailed description of the country PFM system for the assessed performance indicator:

275. Responsibility of investment proposal falls within the individual ministry/agency that identifies and prepares an appraisal of a project which is reviewed by the Investment Department in the MOEF. Following a positive appraisal, the project is submitted for consideration as part of the overall budget process and, if accepted, is included in the budget. Once a project is implemented progress is monitored by a specialized department that reports on progress (cost and physical) quarterly.

Table 11: List of major investment projects (Last completed fiscal year)

#	Project name	Institution in charge	Total investment cost of project million soums	As a % of the total cost of all major projects
1	Reconstruction of 52-69 km of highway 4P63 " Kagan city - Kuyimozor reservoir - Kiziltepa city - Toshrabot village - Arabsaroy village - Yangiqurgon village "	MOEF Uzavtoyul	118,473.3	12.6
2	Reconstruction of 0-5 km (stage 1 , 0-3.8 km and 3.93-5 km) of highway 4K493v " Entrance to the village of Eshimo k so k "	MOEF Uzavtoyul	100,364.5	10.7
3	Construction of bridges, overpasses and highways in a new direction with a length of 19.2 km passing through the Kibray and Yukorichirchik districts of the Tashkent region (1st stage, Dustlik street 1.8 km, from the street " at the face of Tarakkiet - Durmen Residence " to the highway 4P112 6.9 km).	MOEF Uzavtoyul	292,080.2	31.1
3	Construction of sewerage systems in Markhamat district of Andijan region	MOEF Uzsuvtaminot	46,886.3	5.0
5	Reconstruction and construction of water supply systems in the city of Karshi, Kashkadarya region	MOEF Uzsuvtaminot	93,986.4	10.0
6	Reconstruction and modernization of the central boiler house RK-12 in the Obod MSG in the city of Jizzakh	MOEF Uzsuvtaminot	34,269.0	3.7
7	Construction and equipment of a specialized school on the territory of the Gulobad MFO, Samarkand district	MOEF Ministry of Education	50 702.6	5.4
8	Regional endocrinological dispensary in the SMG "Ibn Sino" in the city of Bukhara (construction of a medical building for 110 beds and a clinic for 100 visits)	MOEF Ministry of Health	44,728.2	4.8
9	Republican Center of Allergology in the SMG "Shifokorlar" Almazar district	MOEF Ministry of Health	62,724.0	6.7
10	Reconstruction of 44-62 km (1st stage 44-49 km) of the highway 4P120 "Iskovot village - Kosonsoy town - Turakurgan - Zhomashui village - Soybuyi village - A373 highway"	MOEF Uzavtoyul	94,423.1	10.0
	Total		**93,8637.6**	**100.0**

Data source: MOEF Department of Investment

Recent or ongoing reform activities:

276. The Development Strategy of New Uzbekistan for 2022-2026, approved by the Decree of the President of the Republic of Uzbekistan 01.28.2022 No. DP-60 and the Strategy "Uzbekistan - 2030" approved by the Decree of the President of the Republic of Uzbekistan 09.11.2023 No.DP-158, specifies activities that are being carried out aimed at further improving the public investment management system, increasing the efficiency of using budget capital investments, as well as increasing the transparency of spending budget funds.

277. In accordance with the Presidential Decree September 20, 2019, No. PD-4464 and the Cabinet of Ministers Decree No. 732 November 19, 2020, public procurement processes for construction and design work are carried out on the electronic platform "Shaffof Qurilish". This system is constantly being improved to include additional capabilities in terms of implementing architectural control over the implementation of the project, concluding contracts with tender winners, obtaining information about contractors and design organizations, among others.

278. The system for conducting the examination of feasibility studies and technical and economic calculations has been improved with the adoption of the Presidential Decree July 25, 2022, No.PD-332 (https://lex.uz/en/docs/6130749). With respect to improving the efficiency of the preparation and implementation of projects with the participation of international financial institutions and foreign government financial organizations there is a Presidential Decree on measures to improve the efficiency of preparation and implementation of projects with the participation of international financial institutions and foreign government financial organizations NoPD-3857, 07/16/2018) https://old.lex.uz/docs/3823562. This has been brought into line with other revisions on procedures for investment. Specific chapters cover Chapter 2 Procedure for the preparation of strategies (programs) for cooperation with IFIs/IFRS and the development of new projects; Chapter 3 Procedure for Preparation and Consideration of Pre-Project Documentation, Chapter 7 Procedure for monitoring the implementation of projects with the participation of IFIs/IFFOs and has annexes covering Project concept and Structure of the feasibility study of the project.

279. Under Presidential Decree September 22, 2022, No.PD-378 (https://lex.uz/ru/docs/6203336) measures are being taken to improve customer services, taking into account the introduction of project management mechanisms into their work, increasing transparency in work on technical supervision of construction, reconstruction and major repairs of social, road transport and engineering and communications infrastructure development facilities. Currently, three draft resolutions of the Cabinet of Ministers have been prepared in this area and, in accordance with the established procedure, submitted for approval to the government.

280. The Cabinet of Ministers adopted Resolution No. 206 dated April 21, 2022, provides for improvement of the procedure for the formation of annual programs for the development of social and industrial infrastructure in accordance with the principles of PIMA.

11.1. Economic analysis of investment projects

281. *Dimension 11.1 assesses the extent to which robust appraisal methods, based on economic analysis, are used to conduct feasibility or prefeasibility studies for major investment projects and whether the results of analyses are published.*

Performance level and evidence for scoring:

Table 11.1: Economic analysis of investment proposals 2023

	Project name	As a % of the 10 largest approved projects	Economic analysis				
			Completed (Yes/No)?	If guidelines exist, analysis follows national guidelines (Yes/No)	Published (Yes/No)	Sponsoring entity	Reviewing entity
1	Reconstruction of 52-69 km of highway 4P63 " Kagan city - Kuyimozor reservoir - Kiziltepa city - Toshrabot village - Arabsaroy village - Yangiqurgon village "	12.6	Yes	Yes	No	Uzavtoyul	MOEF
2	Reconstruction of 0-5 km (stage 1 , 0-3.8 km and 3.93-5 km) of highway 4K493v " Entrance to the village of Eshimo k so k "	10.7	Yes	Yes	No	Uzavtoyul	MOEF
3	Construction of bridges, overpasses and highways in a new direction with a length of 19.2 km passing through the Kibray and Yukorichirchik districts of the Tashkent region (1st stage, Dustlik street 1.8 km, from the street " at the face of Tarakkiet - Durmen Residence " to the highway 4P112 6.9 km).	31.1	Yes	Yes	No	Uzavtoyul	MOEF
4	Construction of sewerage systems in Markhamat district of Andijan region	5.0	Yes	Yes	No	Uzsuvtaminot	MOEF
5	Reconstruction and construction of water supply systems in the city of Karshi, Kashkadarya region	10.0	Yes	Yes	No	Uzsuvtaminot	MOEF
6	Reconstruction and modernization of the central boiler house RK-12 in the Obod MSG in the city of Jizzakh	3.7	Yes	Yes	No	Uzsuvtaminot	MOEF
7	Construction and equipment of a specialized school on the territory of the Gulobad MFO, Samarkand district	5.4	Yes	Yes	No	Ministry of Education	MOEF
8	Regional endocrinological dispensary in the SMG "Ibn Sino" in the city of Bukhara (construction of a medical building for 110 beds and a clinic for 100 visits)	4.8	Yes	Yes	No	Ministry of Health	MOEF
9	Republican Center of Allergology in the SMG "Shifokorlar" Almazar district	6.7	Yes	Yes	No	Ministry of Health	MOEF
10	Reconstruction of 44-62 km (1st stage 44-49 km) of the highway 4P120 "Iskovot village - Kosonsoy town - Turakurgan - Zhomashui village - Soybuyi village - A373 highway"	10.0	Yes	Yes	No	Uzavtoyul	MOEF
	Total	**100.0**					

Data source: MOEF Department of Investment

282. There are approved standard criteria for selecting/prioritizing investment projects which has been enacted in the Resolution of the Cabinet of Ministers of April 21, 2022, No. 206 Appendix No. 6 to Regulation No. 1.). These are publicly available.[49] The Investment Department in the MOEF reviews the economic analysis justifying a project presented by a sponsoring department. However, the actual analysis that is carried out is not published. Score C

Performance change since a previous PEFA assessment:

283. Although economic analyses were conducted, as established in national guidelines, to assess most major investment projects, and the analyses were reviewed by an entity other than the sponsoring entity, the results were not published. Some economic analyses were conducted superficially. Score C

284. There is no change in scoring since the previous PEFA as economic analysis of projects is not published.

11.2. Investment project selection

285. *Dimension 11.2 assesses the extent to which the project-selection process prioritizes investment projects against clearly defined criteria*.

Performance level and evidence for scoring:

286. The Resolution of the Cabinet of Ministers No. 206 established a procedure according to which projects are selected from a portfolio of projects proposed by the initiators (line ministries (departments), local authorities) based on the prioritization of projects, the main selection criteria and requirements for the project. An analysis of the economic and financial efficiency of each project as well as financing and costing and risk analysis is required. In addition, the list of projects, before being submitted to the Ministry of Economy and Finance, is consistent with the territorial headquarters in accordance with the Decree dated December 10, 2021, No.PD-43.[50] This list of projects for consideration and approval is first submitted to the territorial Councils of People's Deputies. The annexes to the Decree established working groups to implement the selection process. All projects that are accepted into a list are then subject to the budget process in terms of available resources before they are included in the budget.

287. There is a clearly defined process in place for projects to be included in the budget, which started in 2022. Score A

Performance change since a previous PEFA assessment:

[49] https://old.lex.uz/docs/5978704 and https://old.lex.uz/docs/3823562
[50] https://lex.uz/docs/5768536 “On additional measures to strengthen control over the implementation of the Program for the Development of Social and Industrial Infrastructure of the Republic of Uzbekistan and other government programs”.

288. Although all major investment projects are prioritized by central entities on the basis of published standard criteria for project selection, political considerations and ultimately the available funding influenced the selection process of some projects. Score C

289. The enactment of Resolution 206 and Presidential Decree No 43 for projects to be included in the budget has improved the investment selection process.

11.3. Investment project costing

290. *Dimension 11.3 evaluates whether the budget documentation includes medium-term projections of investment projects on a full-cost basis and whether the budget process for capital and recurrent spending is fully integrated.*

Performance level and evidence for scoring:

Table 11.3: Investment project costing (Last completed fiscal year)

#	Project name	Contents presented in the annual budget documents					As a % of the total cost of all listed projects
		Projections of the total life-cycle cost (Y/N)	Capital cost breakdown		Recurrent costs		
			Budget year only (Y/N)	Medium term (T, T+1, T+2) (Y/N)	Budget year only (Y/N)	Medium term (T, T+1, T+2) (Y/N)	
1	All	This is available but not in annual budget	Y	N	Y (if implemented in the budget year)	N	All

Data source: MOEF Department of Investment

291. The life cycle costs of an investment projects are calculated as part of the project selection process based on the economic analysis. Capital costs are included in the annual budget with provision for ongoing costs in future years. However, recurrent costs are only included in the current year if the project is completed and operational. Future capital costs and operational costs are included in ministerial forward budget as an aggregate rather than being allocated to an identifiable project. Score C.

Performance change since a previous PEFA assessment:

292. Projections of the total capital cost of major investment projects, together with only the capital costs for the forthcoming budget year, 2017, are included in the official documents. Score C

293. There is no change in score since the previous PEFA.

11.4. Investment project monitoring

294. *Dimension 11.4 assesses the extent to which prudent project monitoring and reporting arrangements are in place for ensuring value for money and fiduciary integrity.*

Performance level and evidence for scoring:

Table 11.4: Investment project monitoring (Last completed fiscal year)

#	Project name	Total cost (Y/N)	Physical progress (Y/N)	Existence of standard rules and procedures (Y/N)	High level of compliance with procedures (Y/N)	Information on total cost and physical progress published annually (Y/N)
	All	Y	Y	Y	Y	Y

Data source: MOEF Department of Investment

295. There are standard procedures and rules for implementing an investment project, which have been set out in the resolution of the Cabinet of Ministers dated April 21, 2022, No. 206. A specialized entity General Department of Coordination of State Programs and Regulation of the Construction Industry has been established under Decree 65 that carries out physical and cost monitoring of the investment process that also verifies the verification of invoices and adjustment of any advance payments. This applies to all ongoing projects. Information on monitoring is published on a quarterly basis.[51] There is no evidence of adverse opinion on the investment physical and cost monitoring system by entities responsible for scrutiny of public finances. Score A

Performance change since a previous PEFA assessment:

296. Although the total cost and physical progress of major investment projects were monitored by the implementing government unit as well as the Ministry of Economy, and quarterly reports were provided to the Cabinet of Ministers, but these were not published. Score C

297. The score of C in the previous PEFA has improved to an A given that information on project monitoring is now published.

PI-12. Public asset management

298. **What does PI-12 measure?** This indicator assesses the management and monitoring of government assets and the transparency of asset disposal. For the last completed fiscal year, 2023, coverage is CG for PI-12.1, BCG for PI-12.2, and both CG and BCG for PI-12.3. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes:

299. The Assessment Team met with the State Treasury, the State Assets Management Agency and Accounts Department who presented the data maintained on physical assets in the IT system. The Financial statement was examined.

[51] On the implementation of programs for the development of social and industrial infrastructure financed from the State Budget of the Republic of Uzbekistan in 2023 - https://data.egov.uz/rus/data/64dc985bb04a41cb2e29d57d *(Uzb)*

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-12. Public asset management (M2)		**A**	**C**
12.1. Financial asset monitoring	The Financial Statements details financial assets by type held in the Government Accounts. The State Asset Management Agency produces an annual report detailing annual information on state-owned enterprises' financial performance.	A	C
12.2. Nonfinancial asset monitoring	Each ministry and agency maintains a record of all fixed assets under its guardianship which specifies when the assets were obtained and its use. Land is recorded in the cadastral system. The State Assets Management Agency reports on the status of utilization of state property.	A	C
12.3. Transparency of asset disposal	There are clear procedures relating to disposal of both financial and non-financial assets. The Financial Statements reports on the movement of non-financial assets. The State Assets Management Agency reports on sale of SOEs. These reports are submitted to the Legislature.	A	C

Detailed description of the country PFM system for the assessed performance indicator:

300. Monitoring of SOEs and their disposal as well as other state assets are the responsibility of the State Assets Management Agency. Each ministry and agency maintains an electronic record of physical assets under its stewardship which is monitored by the Accounts Department.

Recent or ongoing reform activities:

301. In 2018, public offerings of shares of state-owned companies were conducted. Five percent of JSC Quartz was placed in April 2018 by Initial Public Offering,[52] 10 percent of JSC QMZ was also placed by IPO in December 2018, and in December 2019 an SPO of 5 percent of JSC Quartz shares was held. Since then, there have been further sales with the shares of Jizzax plastmassa JSC, UzAutoMotors JSC, Uzbekinvest IC, Uzbektelecom JSC also placed through IPO. In general, since the beginning of reforms aimed at reducing the share of the state in the economy, by the end of 2022, the number of SOEs decreased from 3,000 to 1,362, or by 45% (123 sold*,* 578 liquidated, *661* reorganised, transferred to the charter capital, etc.*)*. At the same time, within the framework of the presidential and governmental

[52] An IPO is an initial public offering, in which shares are made available to the public for the first time.

decisions, activities on the transfer of state assets to the State Assets Management Agency for further privatization of assets owned by state-owned enterprises are being continued.

302. In order to ensure transparency and disclosure of state-owned companies, Cabinet of Ministers Resolution No. 674 of October 31, 2020, was adopted. The Resolution stipulates that state bodies are obliged to disclose information on their activities. It also requires all state-owned companies to have their official website, where information on their financial and economic activities and reports must be published. This was approved by Government Resolution No. 81 of February 19, 2021.

303. Government Resolution No. 166 of March 29, 2021, approved the Strategy for the Management and Reform of Enterprises with State Participation for 2021-2025. This provides for the reduction of state participation in the economy, the reform of enterprises with state participation and the introduction of modern methods of corporate governance. By 2025, the number of enterprises with state participation will be reduced by 75% through the implementation of the "sell or explain" principle (currently reduced by 40%); improvement of the regulatory framework in the field of state property management (development of the Laws “On the management of state property” and “On the privatization of state property”, as well as other regulatory documents”; shifting state-owned enterprises' operations to market mechanisms (establishing non-commercial objectives, ensuring fair conditions for the private sector, etc.); introduction of modern methods of corporate governance (improving the remuneration system for management bodies, monitoring the corporate governance system, imposing fiduciary obligations on members of the supervisory board, introducing independent members, etc.); transparency and disclosure of information (publication of aggregate report on the activities of state-owned enterprises, ensuring transparency of procurement, etc.).

304. On March 9, 2023, the law of Republic of Uzbekistan “On management of state property” came into force. The Law of the Republic of Uzbekistan "On the privatization of state property" was signed on February 14, 2024.

305. The practice of publishing an aggregate report on the performance of state enterprises, and the usage of state property on the website of the State Assets Management Agency, as well as its submission to the Oliy Majlis, the President and the Cabinet of Ministers, has been introduced.

12.1. Financial asset monitoring

306. *Dimension 12.1 assesses the nature of financial asset monitoring by central government, which is critical to identifying and effectively managing the key financial exposures and risks to overall fiscal management*.

Performance level and evidence for scoring:

Table 12.1: Financial asset monitoring 2023

Asset Type	Records of holdings of financial assets maintained (Y/N)	Recognized at acquisition cost (Y/N)	Recognized at fair value (Y/N)	In line with international accounting standards (Y/N)	Information on performance published annually (Y/N)
Cash in other accounts (Subaccount 119)	Y	Y	Y	Y	Y
Cash in national currency (Subaccount 120)	Y	Y	Y	Y	Y
Cash in foreign currency (Subaccount 121)	Y	Y	Y	Y	Y
Letters of credit (Subaccount 130)	Y	Y	Y	Y	Y
Cash in transit (Subaccount 131)	Y	Y	Y	Y	Y
Cash equivalents (Subaccount 132)	Y	Y	Y	Y	Y
Cash placed on deposits (Subaccount 140)	Y	Y	Y	Y	Y
Shares in Companies	Y	Shares in companies are valued at the initial cost[53] until the decision is taken to dispose of them. They are then valued through the market mechanism via an offer price and then bidding through an auction process			Y

Data source Financial Statements, Accounts Department and State Assets Management Agency

307. Form No. 1 of the Financial Statements details in Section II Financial Assets by type held in the Government Accounts. The State Asset Management Agency is responsible for recording SOEs and produces an annual report detailing annual aggregated information on state-owned enterprises, including the management system, performance, financial development and important events that occurred in the reporting year.[54] Score A

Performance change since a previous PEFA assessment:

308. While the government maintains a record of its holdings in major categories of financial assets, which are recognized at their book or market (stock exchange) value and includes the total value of financial assets in its balance sheet, a specific consolidated report on the financial performance is not prepared or published. Score C

[53] An examination of a sample of audit reports contained in Table 10.1 shows equity measured at initial value of equity adjusted for profit (retained after dividends) or loss.
[54] Consolidated report on the performance of enterprises with state participation and the status of utilization of state property, prepared in accordance with the Law "On State Property Management". (davaktiv.uz)

309. There is an improvement in the score as information is now prepared and published.

12.2. Nonfinancial asset monitoring

310. *Dimension 12.2 assesses the features of nonfinancial asset monitoring for BCG. Reporting on nonfinancial assets should identify the assets and their use.*

Performance level and evidence for scoring:

Table 12.2: Non-financial asset monitoring 2023

Categories	Subcategories (as relevant)	Records maintained in registers	Information on usage and age included (Full/Partial/No)	Information published Y/N	Comments
Fixed assets	Buildings and structures	Y	Y	Y	
	Machinery and equipment	Y	Y	Y	
	Other fixed assets	Y	Y	Y	

Data source: Government Financial Statements, Accounts Department and State Assets Management Agency

311. Each ministry and agency maintains a record of all fixed assets under its guardianship which specifies when the assets were obtained and its use. This information is recorded in the accounting system. Vehicles are recorded by registration plate, date, purchase value, depreciation and photos. Buildings are recorded by construction age, size (area sqm), address, initial value, depreciation, and photos. Quarterly reports are produced for the State Assets Management Agency.

312. Items such as office equipment (desks, tables, chairs, and computers, etc.) are coded. Land is recorded in the cadastral system.[55] The cadastral records include land that is used for subsoil economic activities which are subject to a specific tax regime.[56] Chapter 92, Appendix 9 of the Financial Statements has a Report on the movement of non-financial assets detailing value at the start and end of the financial year covering: Residential buildings (010) Non-residential buildings (011) Facilities (012) Machinery and equipment (013) Vehicles (015) Library collection (018) Other fixed assets (019) Intangible assets (030) and Inventories - total (031 + 032 + 033 + 034 + 035 + 036 + 037 + 038). As well, the State Assets Management Agency in its report reference in 12.1 above reports on the status of utilization of state property with information on assets contain address, area, date of purchase/build. Score A

Performance change since a previous PEFA assessment:

[55] https://kadastr.uz/en/
[56] https://lex.uz/docs/6116946

313. The government maintains a register of its holdings of different types of non-financial assets, with varying details about information on value, usage of the assets. Most information is not published, or only partial information is provided. Score C

314. There is an improvement in the score as information is now prepared and published.

12.3. Transparency of asset disposal

315. *Dimension 12.3 assesses whether the procedures for transfer and disposal of assets are established through legislation, regulation, or approved procedures. For financial assets coverage is CG and for nonfinancial assets, BCG.*

Performance level and evidence for scoring:

Table 12.3: Transparency of asset disposal (last completed fiscal year)

Procedures for financial asset transfer or disposal established (Y/N)	**Procedures for nonfinancial asset transfer or disposal established** (Y/N)	**Information on asset disposal included in budget documents, financial reports, or other reports** (Full/Partial)	**Information on asset transfer and disposal submitted to legislature (Y/N)**
Y	Y	Y	Y

Data source: Government Financial Statements, Accounts Department and State Assets Management Agency

316. There are clear procedures relating to disposal of both financial and non-financial assets. Land in public ownership is only for lease and property is normally transferred between ministries and agencies under rules where a transfer, as well as shareholding in companies under state ownership, is not legal until the records of both parties reflect the transfer. Vehicles, plant and machinery are disposed through an auction process managed by the State Assets Management Agency. There are eight different privatization models/types in Uzbekistan, like tender, auction, invitation for public offering etc. These models/types are defined by privatization legislation. Assessment of the value of the entity is carried by an independent assessor. For bigger companies and non-financial assets, the largest four audit companies are invited. For smaller ones, other external sources are used.

317. In 2022, 1,375 state assets worth 1.3 trillion soums were sold (1.6 times more than in 2021). As noted in 12.2 Chapter 92, Appendix 9 of the Financial Statements has a Report on the movement of non-financial assets detailing value at the start and end of the financial year. This document is publicly available as well as submitted to the Legislature. Score A

Performance change since a previous PEFA assessment:

318. Procedures and rules for the transfer and disposal of non-financial assets are established but partial information on transfers and disposals is included in internal reports of the Ministry of Economy and Finance. Score C

319. The score has improved as information on the transfers and disposal of financial and non-financial assets are now in the public domain as well as being provided to the Legislature.

PI-13. Debt management

320. **What does PI-13 measure?** This indicator assesses the management of domestic and foreign debt and guarantees. It seeks to identify whether satisfactory management practices, records, and controls are in place to ensure efficient and effective arrangements. Coverage is CG for all three dimensions - at time of assessment for PI-13.1, for last completed fiscal year, 2023 for PI-13.2, and at time of assessment with reference to the last three completed fiscal years, 2021, 2022 and 2023 for PI-13.3. This indicator uses the M2 (AV) method for aggregating scores.

Methodological notes:

321. Information was supply by the Ministry of Economy and Finance based on the information request questionnaire submitted.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-13. Debt management (M2)		**B**	**B**
13.1. Recording and reporting of debt and guarantees	Reconciliation is carried out monthly and there is a quarterly and annual report of all debt.	A	A
13.2. Approval of debt and guarantees	The Ministry of Economy and Finance is designated as the authorized body for all borrowings.	A	A
13.3. Debt management strategy	A Medium-term debt management strategy is prepared using MTDS AT tool includes existing and projected debt as well as cost and risk indicators. It is not published.	D	D

Detailed description of the country PFM system for the assessed performance indicator:

322. Both the debt incurred, and the interest paid are part of the budget preparation and execution process. Management of debt falls within the Ministry of Economy and Finance, which has a dedicated department dealing with debt.

Recent or ongoing reform activities:

323. Since 2021, the issue of state guarantees on domestic obligations has been suspended and state-owned enterprises and banks, in accordance with the transformation process, are being transferred to finance their projects through attracting funds in world financial markets without state guarantees (During 2019-2023, issued Eurobonds by state–owned Banks and SOEs stood at $2bn). Risk management has been addressed relating to domestic government securities development, SOE/state-owned banks external borrowing control mechanisms (CMR No 107, dated 09.03.2022) and shift to borrowing without State guarantees with a Guarantee Fund established. During 2018- 2023, the

issuance of domestic government securities increased from 0.6tn soums to 24.9tn soums with the following actions:

- "Primary Dealership" system is implemented based on international standards;
- Auction calendar of government securities is published;
- The results of the auction are calculated on the basis of international standards of T + 2;
- International identification codes such as ISIN, CFI and FISN[57] are provided to government securities;
- The maturities of government securities are extended to 5-10 years
- In the process of issuance of government securities, price taker mechanism is implemented.

324. International capital markets have been accessed since 2019. Besides USD denominated Eurobonds, there are issuances of debut green Eurobonds in LC (October 2023), first Social Development Goal Eurobonds in LC (July 2021), inaugural LC Eurobonds (November 2020) in total of 8,75tn soums.

325. A Medium-term debt management strategy for 2024-2026 was drafted with support from the IMF/World Bank in 2023. Debt Management and Financial Analysis System (DMFAS 6) was implemented for debt servicing, accounting and monitoring which improved data transparency (Social Development Goal Eurobonds framework and impact reports, quarterly debt statistics and annual debt bulletins).

326. With the assistance of US Treasury, IMF, World Bank and Asian Development Bank, the Law “On State Debt” was developed and the Law is enforced on August 2, 2023. The State debt law stipulates the mandates of state bodies in state debt management. Pursuant to the Law, the Ministry of Economy and Finance is the authorized body in managing state debt. According to the Law, the maximum amount of state debt should not exceed 60% of gross domestic product.

327. The State debt law includes the following clauses on state debt management:

- development of debt management strategy;
- attracting funds on behalf of the state;
- management of funds attracted by the state;
- state debt risk management;
- state debt restructuring;
- on-lending the funds attracted by the state;
- issuing the state guarantee;
- maintain the list of state debt contracts and state guarantees;
- accounting and reporting of the state debt;
- ensuring the service of the state debt and fulfillment of state guarantees;
- annual borrowing limits including limits to PPP commitments.

[57] International Securities Identification Number, Classification of Financial Instruments, Financial Instrument Short Name

13.1. Recording and reporting of debt and guarantees

328. *Dimension 13.1 assesses the integrity and comprehensiveness of domestic, foreign, and guaranteed debt recording and reporting for CG at the time of assessment.*

Performance level and evidence for scoring:

Table 13.1: Recording and reporting of debt and guarantees (At time of assessment)

Categories	**Records maintained** (Y/N)	**Records are complete and accurate** (Y/N)	**Frequency of update of records**	**Frequency of reconciliation** M/Q/A/N	**Statistical reports prepared (covering debt service, stock and operations)**	**Records of areas where additional information needed**
Domestic debt	Y	Y	Debt service Monthly Debt Stock Quarterly	Debt service Monthly Debt Stock Quarterly	A	
Foreign debt	Y	Y	Debt service Monthly Debt Stock Quarterly	Debt service Monthly Debt Stock Quarterly	A	
Guarantee	Y	Y	Monthly	Monthly	A	

Data source: MOEF

329. The Ministry of Economy and Finance is responsible for debt reporting and monitoring. Debt servicing, accounting and monitoring processes are automated with DMFAS 6. All debt and state guarantees is taken into account. According to Article 51 of the Law of the Republic of Uzbekistan "On State Debt", the Ministry of Economy and Finance publishes updated information on the status and changes of government debt by the 25th day of the second month following the reporting quarter.

330. The Ministry of Economy and Finance reconciles its records on debts and state guarantees. Reconciliation of debt service is done on a monthly basis, while debt stock on a quarterly basis as per international standards to ensure accuracy and transparency in financial reporting. There is a quarterly report. A report entailed “The state debt of the Republic of Uzbekistan” is published annually. For 2022 the report is available.[58]

331. Reconciliation is carried out monthly and there is a quarterly and an annual report of all debt. Score B

Performance change since a previous PEFA assessment:

[58] *https://api.mf.uz/media/document_files/State_debt_2022__ENG_bHBBqRd.pdf*

332. The recording and reporting of (external) debt and government guarantees are complete, updated and reconciled on a monthly basis. For internal purposes comprehensive reports covering debt stock, debt servicing and debt-related operations are produced on a quarterly basis. Score A

333. The previous PEFA reports that reconciliation was done monthly rather than quarterly as currently which downgrades the score from A to B.

13.2. Approval of debt and guarantees

334. *Dimension 13.2 assesses the arrangements for the approval and control of the government's contracting of loans and issuing of guarantees, which is crucial to proper debt management performance for CG in 2023.*

Performance level and evidence for scoring:

335. The State Debt law[59] stipulates the mandates of state bodies in state debt management. The Law establishes the Ministry of Economy and Finance as the authorized body in managing state debt in conjunction with the President, Council of Ministers and Legislature. The Ministry of Economy and Finance as the authorized body is responsible for attracting new debt as well for providing state guarantees. New borrowings are taken in accordance with the relevant normative legal documents adopted by the President or the Cabinet of Ministers.

336. All debt that is incurred must be included in the budget documentation and be approved by the Legislature.

337. The Ministry of Economy and Finance is designated as the authorized body for all borrowings. Score A

Performance change since a previous PEFA assessment:

338. Primary legislation grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity, i.e. the Ministry of Economy and Finance. Documented policies and procedures provide guidance to borrow, issue new debt and undertake debt-related transactions, issue loan guarantees, and monitor debt management transactions by the Ministry of Economy and Finance. Annual borrowing is approved by the legislature when discussing the government budget proposal. Score A

339. There is no change since the previous PEFA.

[59] https://old.lex.uz/docs/6446825 Law On the Public Debt

13.3. Debt management strategy

340. *Dimension 13.3 assesses whether the government has prepared a debt management strategy with the long-term objective of contracting debt within robust cost–risk trade-offs at the time of assessment for CG with reference to 2021, 2022 and 2022.*

Performance level and evidence for scoring:

341. A Medium-term debt management strategy is prepared using MTDS AT tool developed by IMF/World Bank which includes existing and projected debt as well as cost and risk indicators. Medium-term debt management strategy for 2024-2026 was drafted with IMF/World Bank support in 2023.

342. According to Article 19 of the Law "On State Debt" the state debt management strategy is approved by the Cabinet of Ministers along with the fiscal strategy for a period of three years. The state debt management strategy is redefined and updated annually and is submitted by the authorized body to the Cabinet of Ministers before June 1 of the current year. It is discussed and approved by the Cabinet of Ministers before June 15 of the current year. After approval by the Cabinet of Ministers, it is submitted for information to the chambers of the Oliy Majlis and should be published by the authorized body on its official website. However, this last Medium-term debt management strategy for 2024-2026 has been for internal use only. It is expected that the new strategy will follow the requirements of the Law. Score D

Performance change since a previous PEFA assessment:

343. The MoF does not have (yet) a Medium-Term Debt Strategy (MTDS) in place but plans to develop one in the near future. Score D

344. While the score remains at D, a Medium-Term Debt Strategy has been produced but only for internal use.

PILLAR FOUR: Policy based fiscal strategy and budgeting

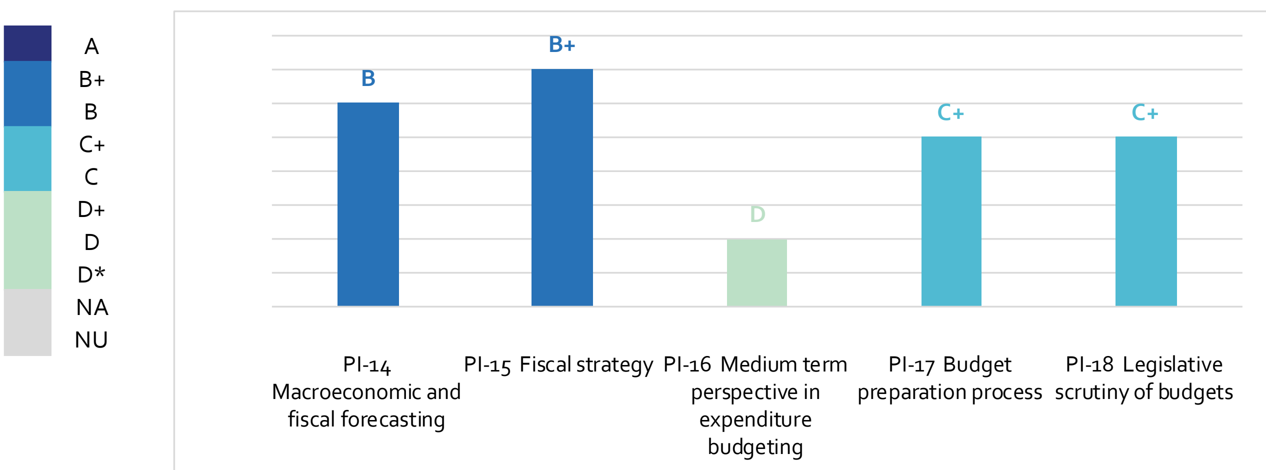
345. **What does Pillar IV measure?** The fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections**.** It also examines orderliness in the budget preparation process and the legislative scrutiny of the budget proposal.

Overall performance: Analysis of key strengths and weaknesses

346. The performance of the indicators in Pillar IV can be deemed to be mixed. The main reason for this is that the medium-term perspective of the budget has yet to be fully developed and implemented. This is partly as a result of the reorganization of the Ministry of Economy and Finance and the time taken for implementation. The strengths in the system of forecasting for the up-coming budget year can be seen in the A scores in PIs 1 and 3. Although the macro-economic and fiscal forecasting is in place along with the adoption of a fiscal strategy, these have yet to translated into the production of a medium-term perspective in expenditure budgeting. This is reinforced by the absence of the full costing of investment over its lifetime in the budget. The linkage between expenditures and key performance indicators that is vital to a program budget is work in progress. The budget preparation process and the approval process are effective, and information is made available in budget documentation though better timing on ceilings in the preparation timetable could enhance it. The extent to which virement can be implemented may hinder discipline in budget preparation as evidence by the C score in variance in the composition in economic categories.

347. Nevertheless, the overall performance of the indicator is high as shown in the chart with both a median and mode score of C+, but with a range of scoring categories experienced.

Figure PILLAR FOUR: Policy Based Fiscal Strategy and Budgeting



PI-14. Macroeconomic and fiscal forecasting

348. **What does PI-14 measure?** This indicator measures the ability of a country to develop robust macroeconomic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and

ensuring greater predictability of budget allocations. It also assesses the government's capacity to estimate the fiscal impact of potential changes in economic circumstances. For the last three completed fiscal years, 2021, 2022 and 2023, coverage is whole economy for PI-14.1 and CG for PI-14.2 and 14.3. This indicator uses **M2** (AV) for aggregating dimension scores.

Methodological notes:

349. Meetings held with MOEF. Relevant documents were examined.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-14. Macroeconomic and fiscal forecasting (M2)		**B**	**C**
14.1. Macroeconomic forecasts	The government prepares forecasts of key macroeconomic indicators. Some key macroeconomic indicators, together with the underlying assumptions, are included in budget documentation submitted to the legislature. These forecasts are updated at least once a year. The forecasts cover the budget year and the two following fiscal years. The projections have been reviewed by the Central Bank, Chamber of Accounts.	C	C
14.2. Fiscal forecasts	Budget documentation contain fiscal forecasts, including revenues (aggregate and by type), expenditures (aggregate and by type), budget balance and sources of deficit financing for budget and two more years along with the underlying assumptions, including explanations of differences from previous forecasts; and they are submitted to the Parliament.	A	C
14.3. Macro-fiscal sensitivity analysis	Government prepares two alternative macroeconomic forecast scenarios for internal use only. Quantitative fiscal impact of different macroeconomic assumptions/risks are discussed in the budget documentation	B	C

Detailed description of the country PFM system for the assessed performance indicator:

350. The Ministry of Economy and Finance prepares key macroeconomic forecasts as defined by the Budget Code (Article 83, 90, 92). Initial forecasts, with two alternative scenarios are developed by mid-April. The forecasts are the basis for the Fiscal Strategy. Fiscal Strategy is approved by the Cabinet by June 15. Updated macroeconomic forecasts are developed by August 15. Macroeconomic forecasts are reviewed by Central Bank of Uzbekistan and international development partners, such as the IMF. Macroeconomic forecasts are part of budget documentation submitted to the Parliament.

Recent or ongoing reform activities:

351. Until 2022 macroeconomic forecasts were developed by the Ministry of Economic Development and Poverty Reduction. The forecasts were submitted to the Ministry of Finance for review and consideration. After the merger of these two ministries, the Ministry of Economy and Finance concluded the process of development of macroeconomic forecasts.

14.1. Macroeconomic forecasts

352. *Dimension 14.1 assesses the extent to which comprehensive medium-term macroeconomic forecasts relating to the whole economy and underlying assumptions are prepared to inform the fiscal and budget-planning processes and are submitted to the Legislative Assembly as part of the annual budget process.*

Performance level and evidence for scoring:

Table 14.1. Macroeconomic forecasts (2021, 2022 and 2023)

Indicator	**Budget document year**	**Years covered by forecasts**			**Underlying assumptions provided** (Y/N)	**Frequency of update** 1= once a year 2=more than once a year N=Not updated	**Submitted to legislature** 1=budget year only 3= budget year plus two following fiscal years N= Not submitted
		Budget year T	**Following year T+1**	**Following year T+2**			
GDP growth	**2021** **2022** **2023**	Y Y Y	Y Y Y	Y Y Y	Y Y Y	2	3
Inflation	**2021** **2022** **2023**	Y Y Y	Y Y Y	Y Y Y	Y Y Y	2	3
Interest rates	**2021** **2022** **2023**	Y Y Y	Y Y Y	Y Y Y	Y Y Y	2	N
Exchange rate	**2021** **2022** **2023**	Y Y Y	Y Y Y	Y Y Y	Y Y Y	2	N

Data source: Ministry of Economy and Finance budget documentation; *https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf*

353. The Government annually prepares forecasts for the key macroeconomic indicators, including GDP growth, inflation, interest and currency exchange rates. Forecasts are based on the underlying assumptions. Forecasts are reviewed by the Central Bank, Chamber of Accounts and by the development partners, such as IMF. Forecasts cover budget and two following years. The Government does not publish forecasts on interest and currency exchange rates due to sensitivity of the forecasts. The forecasts are updated twice a year (May, October). The final October forecasts are used in the annual budget document. Macroeconomic forecasts (with GDP growth and inflation indicators only) along with underlying assumptions are submitted to the Parliament and are published. If interest rates and exchange rates forecasts were included in the budget documentation, the score would be A. Information covers the years 2021-2022-2023. The 2024-2026 forecasts document was developed in 2023. Score C.

Performance change since a previous PEFA assessment:

354. According to PEFA 2018, the government prepares forecasts of key macroeconomic indicators for the budget year and the two following fiscal years, but only forecasts of year Y+1 are included in budget documentation submitted to the legislature. Score C.

355. There is no change in the score despite improvements in the macroeconomic forecast presentation. Exchange rate and interest rate forecasts are not presented in budget documentation which are the key for a score increase.

14.2. Fiscal forecast

356. *Dimension 14.2 assesses whether central government has prepared a fiscal forecast for the budget year and the two following fiscal years based on updated macroeconomic projections which reflects government-approved expenditure and revenue policy settings.*

Performance level and evidence for scoring:

Table 14.2. Fiscal forecasts (2021, 2022 and 2023)

Indicator	Budget document year	Years covered by forecasts			Underlying assumptions provided (Y/N)	Explanation of the main differences included (Y/N)	Submitted to legislature 1=budget year only 3= budget year plus two following fiscal years N= Not submitted
		Budget year T	Following year T+1	Following year T+2			
Revenue by type	**2021** **2022** **2023**	Y Y Y	Y Y Y	Y Y Y	Y Y Y	Y	3
Aggregate revenue	**2021** **2022** **2023**	Y Y Y	Y Y Y	Y Y Y	Y Y Y	Y	3
Aggregate expenditure	**2021** **2022** **2023**	Y Y Y	Y Y Y	Y Y Y	Y Y Y	Y	3
Budget balance	**2021** **2022** **2023**	Y Y Y	Y Y Y	Y Y Y	Y Y Y	Y	3

Data source: *Ministry of Economy and Finance* ***budget documentation****.* *https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf* *chapter 3.5*

357. The government prepares forecasts of main fiscal indicators, including revenues by type, expenditures by type, balance and sources of financing (by type). The forecasts are developed for budget and two more years. They are part of budget documentation and are submitted to the Parliament. Fiscal forecasts are based on macroeconomic forecasts and underlying assumptions; and include explanations of differences from previous year forecasts. Score A

Performance change since a previous PEFA assessment:

358. According to PEFA 2018, the government prepares forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years, but only forecast of year Y+1 are included in budget documentation submitted to the legislature. Score C

359. Inclusion of fiscal forecasts in the budget documentation for two more years along with the underlying assumptions has led to the increase in the score.

14.3. Macro-fiscal sensitivity analysis

360. *Dimension 14.3 assesses the capacity of the central government to develop and publish alternative fiscal scenarios based on plausible unexpected changes in macroeconomic conditions or other external risk factors that have a potential impact on revenue, expenditure, and debt.*

Performance level and evidence for scoring:

361. Analyses of macro-fiscal risks are included in the budget documentation (budget address to the Parliament, chapter 3.7). Sensitivity analysis cover exogenous shocks and risks, such as global economic growth, exchange rate depreciation among key trade partner countries, price changes on precise metals, changes in private consumption, investments, exports, etc., and their quantified fiscal impacts.

362. The Government prepares two macroeconomic scenarios based on different assumptions for internal use – only the basic scenario assumptions and outcomes are presented in the budget documentation. Information covers the years 2021-2022-2023. Score B

Performance change since a previous PEFA assessment:

363. The macro-fiscal forecasts prepared by the government include a qualitative assessment of the impact of alternative macroeconomic assumptions but the budget documents include discussion of forecast sensitivities. Score C

364. Development of two macroeconomic scenarios based on the alternative assumptions has led to the score increase.

PI-15. Fiscal strategy

365. **What does PI-15 measure?** This indicator provides an analysis of the capacity to develop and implement a clear fiscal strategy. It also measures the ability to develop and assess the fiscal impact of revenue and expenditure policy proposals that support the achievement of the government's fiscal goals. Coverage is CG for the last three completed fiscal years, 2021, 2022 and 2023 for PI-15.1 and the last completed fiscal year, 2023 for PI-15.2 and 15.3. This indicator uses the **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

366. Relevant documentation was assessed and examined. Interviews were conducted with MOEF.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-15. Fiscal strategy (M2)		**B+**	**C**
15.1. Fiscal impact of policy proposals	Budget message submitted to the Parliament includes assessments of impact of all changes in revenue and expenditure for budget and two following years	A	C
15.2. Fiscal strategy adoption	Government has prepared fiscal strategy for 2024-2026 period for internal use only. Fiscal strategy includes both quantitative and qualitative objectives for budget and two following years.	C	C
15.3. Reporting on fiscal outcomes	2024 budget documentation submitted to the parliament includes information on the progress towards the fiscal objectives and main reasons for deviations from it. Budget documentation includes proposals to address deviations as well as proposals to reform actions to get back on track. 2024 budget documentation is published.	A	C

Detailed description of the country PFM system for the assessed performance indicator:

367. The development of medium-term Fiscal Strategy is part of budget process. The process is defined by Budget Code (Articles 26, 90, 90’, 96, 97, 174). The Fiscal Strategy document includes macroeconomic assessment and medium-term forecasts, medium-term key fiscal and budget policies, assessment of impact of policy initiatives, aggregate information on medium-term budget revenues, expenditures, sources of deficit financing, fiscal risk analysis, analysis of achievements on fiscal targets (from previous Fiscal Strategy) and proposals to address deviations/proposed actions, medium-term ceilings of the first-tier Ministries and Agencies.

368. For the development of the Fiscal Strategy, line ministries submit costed budgetary initiatives to the Ministry of Economy and Finances before May 1. Karakalpakstan Republic, Oblasts and Tashkent city authorities submit their proposals on expenditures and subnational transfers before May 1.

369. The Draft Fiscal Strategy is developed by the Ministry of Economy and Finance and submitted to the Cabinet of Ministers by June 1. After approval (before June 15) by the Government, the Fiscal Strategy is sent to Parliament for information. After approval the Government, Ministry of Economy and Finances informs all first-tier Ministries, agencies and subnational governments about their ceilings on expenditure and transfers.

370. The Fiscal Strategy is a key policy document that serves as a base for the annual budget. An updated Fiscal Strategy, as part of annual budget documentation, is submitted to the Parliament by October 15. The Chamber of Accounts develops report on the Fiscal Strategy that is sent to Parliament as well.

Recent or ongoing reform activities:

371. The development of a medium-term Fiscal Strategy was introduced in 2021 by the amendment into Budget Code (Law # LRU-660 dated December 30, 2020). The Fiscal Strategy for 2024-2026 was not approved as defined by Budget Code because of administrative reforms within the Government in 2023. However, an updated Fiscal Strategy became part of budget document that was submitted to the Parliament on October 31, 2023.

15.1. Fiscal impact of policy proposals

372. *Dimension 15.1 assesses the capacity of the government to estimate the fiscal impact of revenue and expenditure policy proposals developed during budget preparation in 2021, 2022 and 2023.*

Performance level and evidence for scoring:

373. Fiscal strategies include assessment of impacts of all changes in revenue and expenditure policies (section 3.1) for the budget and two following years.

374. In addition, the Government submits to the President as part of the Budget documentation a policy concept note that shows the fiscal impact of each individual fiscal policy decisions. Sixty-four policy initiatives were proposed that needed an increase in budget allocations of 14.8 trn UZS and a decrease of budget allocation of 21.8 trn UZS (resulting in net decrease of 7 trn UZS).

375. The budget note submitted to Parliament is part of annual budget documentation. The documents for 2024, 2023 and 2022 include assessments of impacts of all changes in revenue and expenditure policies (section 3.1 for revenues and section 3.2 for expenditures) for budget and the two following years. Score A

Performance change since a previous PEFA assessment:

376. Since 2017, the Ministry of Economy and Finance (under its previous configuration) prepares estimates of the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year and includes them into the budget documentation, but only for the next fiscal year. Score C

377. The score has improved as there are now assessments of impacts of all changes in revenue and expenditure policies for the budget and the two following years.

15.2. Fiscal strategy adoption

Dimension 15.2 assesses the extent to which government prepares a fiscal strategy in 2023 that sets out fiscal objectives for at least the budget year and the two following fiscal years.

Performance level and evidence for scoring:

Table 15.2 Fiscal strategy adoption (Last completed fiscal year)

Fiscal strategy	Includes quantitative information		Includes qualitative
	Time-based	Or objectives only	

Prepared (Y/N)	Submitted to legislature (Y/N, Date)	Published (Y/N, Date)	For internal use only (Y/N)	goals and targets (Y/N)	Budget (Y/N)	Forward Years (Y/N)	objectives Y/N)
Y	N	N	Y	Y	Y	Y	Y

Data source: *MOEF fiscal strategies for 2024-2026 and 2023-2025;*
https://openbudget.uz/api/v2/info/file/facb3fa3ebef9efdfb855d27a1f3196f ;
https://openbudget.uz/api/v2/info/file/f8fbacf6edc18fabf973b4c99cacefad .

378. The Government has prepared a fiscal strategy for the 2024-2026 period. The fiscal strategy includes information for aggregate revenues and expenditure, fiscal balance and sources of deficit financing, targets for financial assets and liabilities. The information is presented for 3 years. If the fiscal strategy for 2024-2026 had been submitted to Parliament and published as it was in 2023, the score would be A. As the current fiscal strategy is for internal use only, the score C is assigned.

Performance change since a previous PEFA assessment:

379. The government has adopted and submitted to the legislature a current fiscal strategy that includes quantitative or qualitative fiscal objectives for at least the budget year, but not the following two fiscal years. Score C

380. There is no change is the score since the previous PEFA, but performance has improved though due to organizational changes it was not fully implemented.

15.3. Reporting on fiscal outcomes

381. *Dimension 15.3 assesses the extent to which the government makes available—as part of the annual budget documentation in 2023 submitted to the legislature—an assessment of its achievements against its stated fiscal objectives and targets.*

Performance level and evidence for scoring:

Table 15.3 Reporting on fiscal outcomes (Last completed fiscal year)

Progress report completed (Y/N)	Last fiscal year covered	Submitted to legislature (Y/N, Date)	Published with budget (Y/N, Date)	Includes explanation of deviation from target (Y/N)	Includes actions planned to address deviations (Y/N)
Y	Y	Y	Y, October 15, 2023	Y	Y

Data source: https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf

382. The budget message is submitted to Parliament as a part of 2024 budget documentation. It includes information on the progress towards the fiscal objectives (throughout the document) and main reasons for deviations from it (section 3.5.1). The budget message (sections 3.2 and 4) also includes

proposals to address deviations as well as proposals to reform actions to get back on track. The budget message is published. Score A

Performance change since a previous PEFA assessment:

383. The government prepares an internal report on the progress made against its fiscal strategy. Such a report has been prepared for the last completed fiscal year. Score C

384. The score has improved as the budget message is published, which includes information on the progress towards the fiscal objectives.

PI-16. Medium-term perspective in expenditure budgeting

385. **What does PI-16 measure?** This indicator examines the extent to which expenditure budgets are developed for the medium term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans. Coverage is BCG for last budget submitted to the legislature in 2023 for PI-16.1, 16.2 and 16.3, and last medium-term budget /current medium-term budget for PI-16.4. This indicator uses the **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

386. Budget documentation, ministerial medium-term strategies were assessed. Interviews were conducted.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-16. Medium-term perspective in expenditure budgeting (M2)		**D**	**C**
16.1. Medium-term expenditure estimates	The budget message includes medium-term expenditure estimates only for programs. Fiscal strategy that normally includes medium-term expenditure estimates according administrative and economic classifications, was not adopted in 2023	D	A
16.2. Medium-term expenditure ceilings	Budget circular was issued on May 9, 2023, and did not include ceilings	D	D
16.3. Alignment of strategic plans and medium-term budgets	Medium-term strategies are aligned for 27.8 % of the ministries. Their budgets are aligned with their medium-term strategies.	C	D

16.4. Consistency of budgets with previous year's estimates	Budget documentation provides explanations of the changes of estimates between two consecutive medium-term budgets at the aggregate level with no medium-term expenditure information according to the administrative and economic classifications and only by functions and programs.	D	NA

Detailed description of the country PFM system for the assessed performance indicator:

387. The first medium-term budget was introduced in Uzbekistan in 2019. The budget and two following years are covered. The medium-term budgeting process has evolved since then. It has two main phases, at the initial stage the Fiscal Strategy document has been developed that includes expenditure estimates and medium-term budget ceilings for first-tier Ministries and Agencies. Expenditure estimates are proposed according to administrative and economic classification. At the later stage, annual budget document includes medium-term expenditure estimates by programs.

Recent or ongoing reform activities:

388. Strategy for improvement of Public Finance Management in the Republic of Uzbekistan for 2020-2024 developed with technical assistance from IMF (Approved by the Decree of the Cabinet of Ministers No. 506 on August 24, 2020).

389. A new budget calendar was developed which includes procedures for the preparation of the medium-term budget in two stages (drafting and development). The first stage covers the period of Fiscal Strategy document development that provides medium-term outlook of fiscal policy and budget ceilings of line ministries and agencies. The second stage provides development of the annual budget law that include line ministries and agencies budget with the medium-term perspective (Budget code amendments according to law No. 660, December 30, 2020).

390. Performance indicators for 40 ministries and agencies were developed for the 2022 annual Budget according President Decree No 4938 December 30, 2020.

16.1. Medium-term expenditure estimates

391. *Dimension 16.1 assesses the extent to which medium-term expenditure estimates are prepared and updated as part of the annual budget process. The preparation of medium-term estimates is intended to strengthen fiscal discipline and improve predictability of budget allocations. Medium-term estimates should be disaggregated by high-level administrative, economic, and program or functional classification. The coverage is the budget submitted in 2023 covering subsequent years.*

Performance level and evidence for scoring:

Table 16.1: Medium-term expenditure estimates (last budget submitted to legislature)

Classification	Level of disaggregation	Budget year (Y/N)	Two following fiscal years (Y/N)
Administrative	1	Y	N
Economic	1	Y	N
Program/Function	1	Y	Y

Data source: *Budget message for the 2024 annual budget of Uzbekistan, section 3.2.1; attachment 5. Fiscal strategy for 2023-2025, attachments 1 and 1a*

392. The Fiscal strategy for 2023-2025 provides information on expenditures according to administrative classification level 1 for budget and two more years. For economic classification, information is classified by current and capital expenditure categories. However, Fiscal Strategy document for 2024-2026 was not adopted. Therefore, there is no medium-term expenditure information according administrative and economic classifications. The budget message (part of annual budget documentation) contains information on medium-term expenditures classified by functions and programs only. Score D.

Performance change since a previous PEFA assessment:

393. For the 2019 budget, the annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic, and program (or functional) classification. Score A

16.2. Medium-term expenditure ceilings

394. *Dimension 16.2 assesses whether medium-term expenditure ceilings are applied to the estimates produced by ministries to ensure that expenditure beyond the budget year is consistent with government fiscal policy and budgetary objectives. Such ceilings should be issued to ministries before or when the first circular is distributed at the commencement of the annual budget preparation cycle. The coverage is the budget submitted in 2023 covering subsequent years.*

Performance level and evidence for scoring:

Table 16.2: Medium term expenditure ceilings (last budget submitted to legislature)

Level	Budget year (Y/N)	Two following fiscal years (Y/N)	Date of approval	Date of issuance of the first budget circular
Aggregate ceiling	N	N	N	May 9, 2023
Ministry Ceiling	N	N	N	May 9, 2023

Data source: *Ministry of Economy and Finance*

395. The budget circular for 2024 was issued by a letter of MOEF to the ministries on May 9, 2023. The reason for the delay was administrative reform. The budget circular does not include ceilings. Score D.

Performance change since a previous PEFA assessment:

396. No aggregate expenditure ceilings are approved by the government after the first budget circular. Score D

397. There is no change in the score since the previous PEFA.

16.3. Alignment of strategic plans and medium-term budgets

398. *Dimension 16.3 measures the extent to which approved expenditure policy proposals align with costed ministry strategic plans or sector strategies. Strategic plans should identify resources required to achieve medium- to long-term objectives and planned outputs and outcomes. The coverage is the budget submitted in 2023 covering subsequent years.*

Performance level and evidence for scoring:

Table 16.3 Alignment of strategic plans and medium-term budgets (last budget submitted to the legislature)

Ministry	**2024 Budget Allocation, bln UZS**	**Medium term strategic plan prepared** (Y/N)	**Medium term strategic plan costed** (Y/N)	**Expenditure proposals consistent with medium term strategic plan** (Most, majority, some, none)
1. Ministry of Water Resources	10,440	Y	Y	Most
2. Ministry of Health	4,613	Y	Y	Most
3. Ministry of Higher Education, Science and Innovations	6,130	Y	Y	Most
4. Ministry of Preschool and Secondary Education	46,647	Y	Y	Most
5. Ministry of Agriculture	1,716	Y	Y	Most
6. Statistics Agency	257	Y	Y	Most
7. Ministry of Justice	239	Y	Y	Most
8. Ministry of Ecology, Environment Protection and Climate Change	883	Y	Y	Most
Total/Coverage	**70,926 / 255,442**			

Data source: *Individual strategies as adopted:* No.DP-6024. from 10.07.2020; No. DP-5590. from 07.12.2018; No.DP-5847. from 08.10.2019; No. DP-5712 from 29.04.2019; No.DP-5853 from 23.10.2019; No. RP-4796 from 03.08.2020; No.DP-5997 from 19.05.2020; No. PD-4850 from 06.10.2020. *2024 Annual Budget Law #886, Dec 25, 2023, attachment 5*

399. Eight first-tier ministries and state agencies have produced medium-term strategic plans. All of them are costed. Their budgets are aligned with their medium-term strategies. Coverage rate is 27.8 %. Score C

Performance change since a previous PEFA assessment:

400. Medium-term strategic plans are prepared for some ministries (five). Some expenditure policy proposals in the annual budget estimates align with the strategic plans. However, those sector strategies that exist have no comprehensive costings. Links between investments and future recurrent costs are not made. Score D

401. The improvement in the score is due to the development of costed sector strategies.

16.4. Consistency of budgets with previous year's estimates

402. *Dimension 16.4 assesses the extent to which the expenditure estimates in the last medium-term budget (2022) establish the basis for the current medium-term budget (2023). This will be the case if every expenditure variation between the corresponding years in each medium-term budget can be fully explained and quantified.*

Performance level and evidence for scoring:

403. The budget message (section 3.5.1) provides explanations of the changes of estimates between the 2023-2025 and 2024-2026 medium-term budget estimates at the aggregate level. However, there was no medium-term expenditure information according to the administrative and economic classifications and only by functions and programs. Score D

Performance change since a previous PEFA assessment:

404. The budget documents do not provide an explanation of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget at the aggregate level because it is not possible yet. As a result, the score is Not Applicable.

405. There is a change in score as a medium-term perspective is now in place but was impacted as there was no medium-term expenditure information according to the administrative and economic classification and only by functions and programs.

PI-17. Budget preparation process

406. **What does PI-17 measure?** This indicator measures the effectiveness of participation by relevant stakeholders in the budget preparation process, including political leadership, and whether that participation is orderly and timely. Coverage is BCG for the last budget submitted to the legislature for PI-17.1 and 17.2, and the last three completed fiscal years for 17.3. This indicator uses the **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

407. Budget documents, including budget circular, were reviewed. Interviews were conducted with line Ministries and Ministry of Economy and Finance.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-17. Budget preparation process (M2)		**C+**	**B**
17.1. Budget calendar	Clear and comprehensive budget calendar exists. It is adhered by all budget organizations. Budget organizations were given 6 weeks to complete their budget requests.	A	A

17.2. Guidance on budget preparation	Budget circular covering 100% of expenditures was disseminated to budget organizations. No budget ceilings were adopted.	D	D
17.3. Budget submission to the legislature	The Government has submitted draft annual budget to the Parliament at least one month before start of the fiscal year in two of the last three years.	C	A

Detailed description of the country PFM system for the assessed performance indicator:

408. A clear and comprehensive budget calendar exists. The budget calendar is adhered by all budgetary institutions. Budget guidelines and ministry-level ceilings are circulated to budgetary organizations for the development their budget requests. Ministries have more than six weeks to prepare their budget submissions. Draft annual budget is submitted to the Parliament for review and approval 2.5 months before start of the fiscal year.

409. Due to administrative reforms in 2023, the normal budget process was disturbed. In particular, the Government did not adopt the Fiscal Strategy 2024-2026 as usual. Therefore, ministry level budget ceilings were not adopted as well.

Recent or ongoing reform activities:

410. A new budget calendar was developed, which includes the preparation of the medium-term budget in two stages (drafting and preparation). The first stage covers the period of Fiscal Strategy document preparation which provides medium-term outlook of fiscal policy and budget ceilings of line ministries and agencies. The second stage provides procedures for the development of draft budget law. Line ministries and agencies are given sufficient time to submit individual budgets for medium-term perspective (Budget code amendments according to law No. 660, December 30, 2020).

17.1. Budget calendar

411. *Dimension 17.1 assesses whether a fixed budget calendar exists and the extent to which it is adhered to. It covers the budget submitted in 2023 for 2024 implementation.*

Performance level and evidence for scoring:

Table 17.1 Budget calendar (Budget submitted in 2023 to the legislature)

Activity	Planned	Actual date	Comment
Issuance of the budget circular (specify for each budget circular if there is more than one)	June 20, 2023	May 9, 2023	Because of administrative reform, the Fiscal Strategy was not approved by the government in 2023. The budget guidelines and instructions were sent to the Ministries and Agencies earlier.
Submission of estimates	August 1, 2023	August 1, 2023	*100%*

Data source: *State Budget Law of Uzbekistan, Ministry of Economy and Finance*

412. According to the budget calendar:

Stage I

MOEF prepares a preliminary assessment of macroeconomic indicators for the medium term in at least two scenarios by April 15; Budgetary organizations financed from the budgets of districts and cities by April 20, provide the financial department of districts and cities with the need for additional funds for the implementation of state programs and activities related to their activities.

Information on the need for additional funds for the implementation of state programs and activities related to their activities is provided by: (a) Budget organizations financed from the budget of the Republic of Karakalpakstan, regional budgets and budget of the city of Tashkent to the relevant financial authorities as well as budget organizations financed from the budget of the Republic of Uzbekistan to the first level spending units (ministries and agencies) by April 25; and (b) The first level spending units, financed from the republican budget to the MoEF by May 1.

The Council of Ministers of the Republic of Karakalpakstan, *hokimiyats* of regions and the city of Tashkent as well as spending units of State target funds submit proposals on the amount of equalizing inter-budgetary transfers allocated to cover the costs in excess of revenue projections by May 1.

MOEF, together with the State Tax Committee and the State Customs Committee, develops revenue forecasts for the medium term by May 15.

A Draft Fiscal Strategy, including directions of tax and fiscal policy for the medium term, developed by the MOEF, is submitted to the Cabinet of Ministers by June 1. The draft Fiscal Strategy is discussed in the Cabinet of Ministers by June 14. The Cabinet of Ministers approves the Fiscal Strategy and submits it to the Oliy Majlis (Parliament) for information by 15 June.

MOEF informs the first level spending units on ceilings and the limits of investment spending as well as local budgets - maximum size of inter-budgetary transfers within five working days of approval.

Stage II

First-level spending units submit budget requests and local budgets and state targeted funds submit transfer amounts to the MOEF by August 1;

MOEF updates forecasts of macroeconomic indicators as well as revenue forecasts by August 20; Discussions of budget allocations to ministries and agencies, investment expenditures and transfers are held by the end of August;

Draft Law on the State Budget and the Budget message are submitted to the Cabinet of Ministers September 15; the Cabinet of Ministers sends the draft Law and the Budget message to the Chamber of Accounts for the conclusion by September 20; the Cabinet of Ministers submits draft Law and the Budget message to the Oliy Majlis with the conclusion of the Chamber of Accounts by 15 October;

Adoption of the Law by the Legislative Chamber of the Oliy Majlis by November 15; Approval of the Law by the Senate of the Oliy Majlis by 15 December.

413. A clear and comprehensive budget calendar exists. It is adhered by all budget organizations. Budget organizations were given six weeks to complete their budget requests. Score A

Performance change since a previous PEFA assessment:

414. A fixed budget calendar exists by law and is adhered to. Score A

415. There is no change in scoring since the previous PEFA.

17.2. Guidance on budget preparation

416. *Dimension 17.2 assesses the clarity and comprehensiveness of top-down guidance on the preparation of budget submissions. It covers the budget submitted in 2023 for 2024 implementation.*

Performance level and evidence for scoring:

Table 17.2: Guidance on budget preparation (Last budget submitted to the legislature)

Date(s) of budget circular(s)	**Total budget expenditure covered** (Y/N)	**Ceilings approved by the Cabinet** (Y/N)	
		If Y, date of ceilings approval by Cabinet	**If N, budget estimates reviewed and approved by Cabinet after completion** (Y/N)
May 9, 2023	Y	*N*	**Y**

Data source: *State Budget Law of Uzbekistan, Ministry of Economy and Finance*

417. The Fiscal Strategy for budget and two following years contains ceilings. The Fiscal Strategy is normally adopted by June 14 and submitted to Parliament by June 15. Within five days Ministries get information about their individual ceilings.

418. Fiscal Strategy 2024-2026 was not adopted in 2023. Accordingly, ceilings were not adopted. Ministries used budget guidelines and instruction (circulated on May 9, 2023) to prepare their annual budget requests before August 1. Additional budget requests were discussed within the government in August 2023.

419. If the Fiscal Strategy had been adopted, the score would be B. However, because no ceilings were adopted in 2023 the score D is assigned.

Performance change since a previous PEFA assessment:

420. There is no formal political involvement in the setting of ceilings as they do not exist. Score D

421. There is no change in scoring since the previous PEFA, but this was due to budget processes being disturbed by administrative reform in 2023 as positive changes had been introduced previously which would have increased the score to B.

17.3. Budget submission to the legislature

422. *Dimension 17.3 assesses the timeliness of submission of the annual budget proposal for 2022, 2023 and 2024 to the legislature or similarly mandated body so that the legislature has adequate time for its budget review and the budget proposal can be approved before the start of the fiscal year*.

Performance level and evidence for scoring:

Table 17.3 Budget submission to the legislature (Last three completed fiscal years)

Fiscal year	Date of submission of budget proposal
2022	November 12, 2021
2023	December 16, 2022
2024	October 31, 2023

Data source: *Prime Minister letter to the Parliament #4-565, October 31, 2023; #02/1-1519, December 16, 2022; #02/1-2737, November 12, 2021*

423. The Government submitted draft annual budget to the Parliament at least one month before start of the fiscal year in two of the last three years. Score C

Performance change since a previous PEFA assessment:

424. The legislature received the budget at least two months before the end of the year for the last 3 years. Score A

425. The score for the dimension has decreased due to the impact of the reorganization of the Ministry of Economy and Finance on the budget preparation process.

PI-18. Legislative scrutiny of budgets

426. **What does PI-18 measure?** Indicator assesses the nature and extent of legislative scrutiny of the annual budget. It considers the extent to which the legislature scrutinizes, debates, and approves the annual budget, including the extent to which the legislature's procedures for scrutiny are well established and adhered to. The indicator also assesses the existence of rules for in-year amendments to the budget without ex-ante approval by the legislature. Coverage is BCG for last completed fiscal year, 2023 for PI-18.1, 18.2 and 18.4, and last three completed fiscal years, 2021, 2022 and 2023 for PI-18.3. This indicator uses the **M1 (WL)** method for aggregating dimension scores.

Methodological notes:

427. Meetings were conducted with Parliament. Relevant legislative documents were examined.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-18. Legislative scrutiny of budgets (M1)		**C+**	**B+**

18.1. Scope of budget scrutiny	Parliament reviews and adopts annual budget. Review covers fiscal policies, macroeconomic and medium-term fiscal forecasts, medium-term expenditure estimates, expenditure and revenues both on aggregate level and in detail.	A	B
18.2. Legislative procedures for budget scrutiny	Budget review and adoptions procedures are defined be legislation and are adhered to. They include publicity arrangements and organizational arrangements, such as specialized review committees, technical support and negotiation arrangements.	A	B
18.3. Timing of budget approval	Annual budgets during last three fiscal years were adopted by the Parliament before start of the budget year.	A	A
18.4. Rules for budget adjustments by the executive	Clear rules for budget amendment exist and they are adhered to in all cases. Rules provide strict limits and roles for both executive and legislative branches. Executive has the authority to expand total expenditure in specific circumstances such as from privatization receipts without seeking legislative approval.	C	B

Detailed description of the country PFM system for the assessed performance indicator:

428. The Parliament of Uzbekistan consists of two chambers: the Legislative chamber and the Senate. Parliament functions and responsibilities regarding budget system are regulated by Budget Code (Articles 90' 97-98, 145, 167, 169), Legislative chamber regulation “Reglament” (Chapter 4, Articles 20-21, 31-33), Senate regulation “Reglament” (Chapter 4, Articles 16-17).

429. The Government submits draft annual budget to the Parliament by October 15. The Budget and Economic Affairs Committee is the responsible body to organize process of budget review within other committees and political fractions. The Committee conducts hearings, collects and sends all comments/proposals to the Government. The annual budget is heard at the Legislative chamber plenary session and is adopted in three hearings within a one-month period, i.e. before November 15. After adoption of the budget by the legislative chamber, the document is sent to Senate for approval. It goes through Budget and Economic Affairs Committee hearings and is approved by the Senate within one-month period, i.e. until December 15.

Recent or ongoing reform activities:

430. The Parliamentary budget oversight function increased according to the new constitution, adopted on May 1, 2023. In addition of previously defined functions of annual budget adoption and review of budget execution report, Parliament is responsible for hearings and review of quarterly budget execution reports as well. Detailed procedures on budget (adoption of the draft and execution report) hearings were prescribed by the amendments into legislation (law # LRU-563 adopted on September 4, 2019, and law # LRU-909 adopted on February 19, 2024).

18.1. Scope of budget scrutiny

431. *Dimension 18.1 assesses the scope of legislative scrutiny in 2023.*

Performance level and evidence for scoring:

Table 18.1. Scope of budget scrutiny (Last completed fiscal year)

Budget scrutiny by Legislature (Y/N)	Coverage				
	Fiscal policies (Y/N)	Medium-term fiscal forecasts (Y/N)	Medium term priorities (Y/N)	Aggregate expenditure and revenue (Y/N)	Details of expenditure and revenue (Y/N)
Y	Y	Y	Y	Y	Y

Data source: https://lex.uz/docs/60217#60737; https://lex.uz/docs/40283#6817109; Legislative chamber of Uzbekistan

432. Both Chambers of Parliament, the Legislative Chamber and the Senate, review budget documentation and adopt the annual budget. Reviews cover macroeconomic forecasts, fiscal forecasts, fiscal policies, report on realized fiscal goals, deviations and proposed actions, medium-term priorities and medium-term expenditure estimates, report on explanations of differences between two consecutive medium-term budget estimates, aggregates of expenditure and revenues, fiscal balance, sources of deficit financing, details of expenditure and revenues according to administrative, economic, functional classifications. Score A

Performance change since a previous PEFA assessment:

433. The legislature's review covers fiscal policies and aggregates for the coming year as well as detailed estimates of estimates and revenue; however, the budget does not provide for a medium-term fiscal framework. Score B

434. The score has improved as the medium term is now included in the reviews that are carried out.

18.2. Legislative procedures for budget scrutiny

435. *Dimension 18.2 assesses the extent to which review procedures are established and adhered to in 2023.*

Performance level and evidence for scoring:

Table 18.2: Legislative procedures for budget scrutiny (Last completed fiscal year)

Legislative procedures	Exist (Y/N)	Are approved in advance of budget hearings (Y/N)	Are adhered to (Y/N)	Include arrangements for public consultation (Y/N)	Include organizational arrangements (Y/N)
	Y	Y	Y	Y	Y

Data source: https://lex.uz/docs/60217#60737; https://lex.uz/docs/40283#6817109; Legislative chamber of Uzbekistan

436. Clear and comprehensive procedures for budget documentation review and adoption are defined by laws (Budget Code, Legislative Chamber Regulation (Reglament) and Senate Regulation (Reglament) and are adhered to. The budget review process is supported by organizational

arrangements such as technical support by the Committees and Parliament staff and material resources.

437. Legislation provides arrangement for publicity (Legislative Chamber Reglament, articles 3 and 14; Senate Reglament, article 3). All Legislative chamber and Senate sessions, including committee hearings (except ones reviewing national security issues) are open and translated live by media and online by YouTube and Telegram channels.[60] YouTube and Telegram channels have more than 29,000 and 13,000 subscribers, respectively. Individual video files from the translations are saved for public access in these channels. Video files have views ranging from 500 to 47,000 views.

438. The Budget and Economic Affairs Committee of Legislative Chamber is the responsible body to organize the process of budget review within political factions and other 11 committees. The Committee conducts hearings, collects and sends all comments/proposals to the Government for consideration. Annual budget is heard at the Legislative chamber plenary session and is adopted in three hearings within one-month period, i.e. before November 15. After adoption of the budget by the legislative chamber, the document is sent to the Senate for approval.

439. The Senate Budget and Economic Affairs Committee conducts budget hearings. After committee clearance, the annual budget is heard at the plenary session of the Senate and is approved by Senate within one-month period, i.e. until December 15. Score A

Performance change since a previous PEFA assessment:

440. The legislature's procedures for budget review are established and respected. They include internal organizational arrangements, such as specialized review committees and negotiation procedures. Score B

441. The arrangement for publicity has improved the score from the previous PEFA.

18.3. Timing of budget approval

442. *Dimension 18.3 assesses the timeliness of the scrutiny process in 2021, 2022 and 2023 in terms of the legislature's ability to approve the budget before the start of the new fiscal year.*

Performance level and evidence for scoring:

Table 18.3: Timing of budget approval (Last three completed fiscal years)

Fiscal year (PEFA time period)	Budget for fiscal year	Date of budget approval
2023	2024	December 25, 2023
2022	2023	December 30, 2022
2021	2022	December 30, 2021

Data source: *https://lex.uz/docs/6707805; https://lex.uz/docs/6333242; https://lex.uz/docs/5801129*

60 https://youtube.com/@OliyMajlisQonunchilikpalatasi?si=GRt9ik4chqpYVtGX www.youtube.com/@senatuzb; t.me/senatuz; https://taplink.cc/oliymajlis

443. Annual budgets during last three fiscal years were adopted by the Parliament before start of the budget year. Score A

Performance change since a previous PEFA assessment:

444. Budget approval by the legislature was made always timely for the last three fiscal years. Score A

445. There is no change since the previous PEFA.

18.4. Rules for budget adjustments by the executive

446. *Dimension 18.4 assesses arrangements made to consider in-year budget amendments in 2023 that do not require legislative approval.*

Performance level and evidence for scoring:

447. The Budget Code (Articles 143 and 145) define detail procedures for budget amendments, including roles and responsibilities of the Government agencies and Parliament. Reallocation of funds from capital to recurrent expenditures is prohibited which are adhered in all instances. Reallocation of funds from one first-tier budget agency to another within 10% of their budgets is adopted by the Cabinet. In case such reallocation exceeds 10% - it requires amendment of the budget to be approved by the Parliament. Budget adjustments requiring Parliament ex-ante approval undergo the same procedures as defined for budget approval (P1-21.4).

448. Reallocation of funds from one second-tier budget agency to another within 10% of their budgets is approved by the Ministry of Economy and Finance. In case of such reallocation exceeds 10% - it also requires amendment of the budget to be approved by the Cabinet.

449. The executive, however, has authority to spend excess receipts from privatization without amending the annual budget (Budget Code, article 126). This provides authority to expand total expenditure. The evidence from PI-2 shows that in 2023 the variation between economic categories is high even though outturn and the budget are similar in size and the variation between functions is low. Score C

Performance change since a previous PEFA assessment:

450. Clear rules exist for in-year budget amendments by the executive, but extensive administrative reallocations may be permitted. Score B

451. The score has been downgraded due to the size of the variations beyond the permissible 10%, as well as the ability to use privatization receipts. The 2019 PEFA focused on the case for supplementary budget in the narrative rather than virement.

PILLAR FIVE: Predictability and control in budget execution

452. **What does Pillar V measure?** The budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.

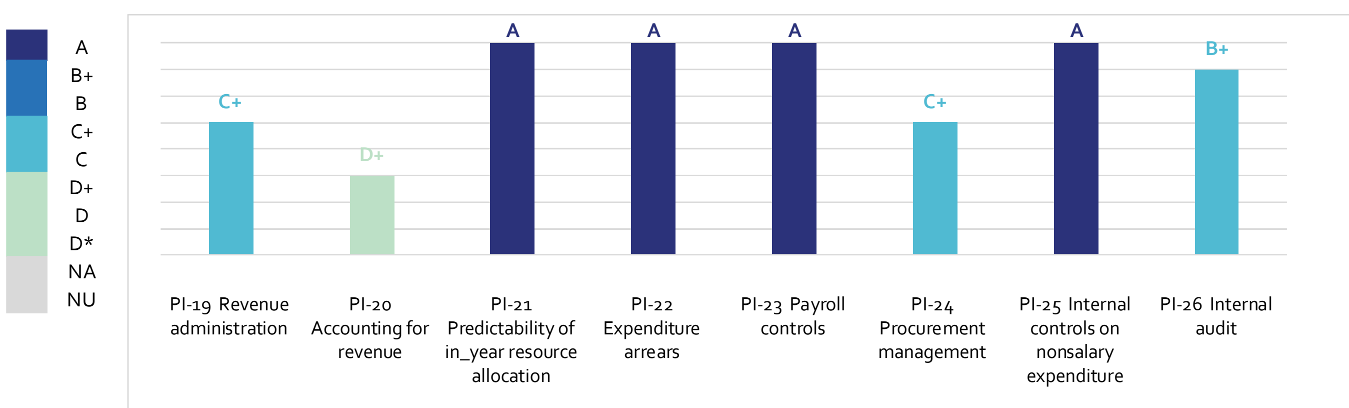
Overall performance: Analysis of key strengths and weaknesses

453. The strengths in Pillar V are built on two factors: the development of sound business practices relating to all aspects of budget execution and the development of software processes that mirror these business practices through the use of an information technology system that operates in real time. There is an interrelated set of systems that captures the annual budget that is passed by Parliament, which is then translated into a phased implementation with effective commitment control and a payment system that captures procurement and related invoices, and payroll. Tax administration is similarly enabled that allow effective management of taxes due which minimizes tax arrears, although the required information on both audit numbers and tax arrears for the last financial year was not made available, which has downgraded the scores. Procurement is also managed, though a portal which is accessible and open to all potential suppliers. All transactions of the Government at all levels are conducted through the Single Treasury Accounts at the Central Bank.

454. The system has an effective control structure. Initially this is based on an application of risk analysis applied to all levels for the selection of audits for expenditure and taxation. The audits are implemented by the Internal Audit Units supported by the Central Harmonization Unit for expenditure and by Audits units within the Tax and Customs Committees for revenue. In addition, there is a built-in audit trail in the system that stops unauthorized access and tracks those that have legitimate access. There is an oversight function which is above the entities that implement the system. In addition, the State Financial Control Inspectorate investigates any suspected violations. Finally, there is the Chamber of Accounts that carries out the external audit function that follows international practice.

455. The indicator scores for the pillar is very high as shown in the chart with both a median and mode score of A.

Figure PILLAR FIVE: Predictability and Control in Budget Execution



PI-19. Revenue administration

456. **What does PI-19 measure?** This indicator covers the administration of all types of tax and non-tax revenue for central government. It assesses the procedures used to collect and monitor central government revenues. Coverage is CG at time of assessment for PI-19.1 and 2 and for the last completed fiscal year, 2023 for PI-19.3 and 19.4. This indicator uses **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

457. Meetings were held with the Tax Committee and Customs Committee as well as the Chamber of Commerce and Industry. Information was supplied by filling in pre-meeting questionnaire.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-19. Revenue administration (M2)		**C+**	**B**
19.1. Rights and obligations for revenue measures	The Tax and Customs Code are comprehensive in their coverage of the obligations and rights of tax authorities and payers with a three-stage appeals process. There are regular meetings with companies and videos and messaging on social media as well as TV and radio are used.	A	A
19.2. Revenue risk management	Detailed risk factors relating to taxpayers are set out in both the Tax Codes. Risk analysis software is used by Tax and Customs Committees. All taxpayers have a Tax Identification Number. Taxpayers are segmented by large and medium size.	A	C
19.3. Revenue audit and investigation	Tax audits are conducted with the purpose of checking compliance based on risk analysis. The Tax Committee three types: in house, on-site tax inspection; and full audit. The Customs Committee use document and physical checks; document check only and no checks with post import audits in special circumstances. Data for 2023 have not been made presented	D*	C
19.4. Revenue arrears monitoring	Arrears on taxes in 2022 are less than 3% with arrears older than 12 months less than 0.3%. Data for 2023 have not been made presented	D*	A

Detailed description of the country PFM system for the assessed performance indicator:

458. The State Tax Committee and the State Customs Committee are responsible for tax revenue administration and collect 68 per cent of total revenues. Revenues that are collected are paid directly into the Single Treasury Account (TSA). Their revenues are reflected in the software that accounts for the budget management in terms of cash flow and the planned budget. Contributions to pensions, which are deducted from salary along with taxes, are managed by the Tax Committee. The operations of both committees are integrated into the overall Government IT system. There is a Tax Policy Department also in the Ministry of Economy and Finance that monitors and reports on consolidated revenue collection. Other revenues are mainly transactional: interest payments, dividends from SOEs, fees, charges and fines. These revenues are paid into the account held by the recipient agency's account in the Treasury Single Account and are subject to the scrutiny that is applied to TSA operations. Other income collected by the Ministry of Economy of Finance amounts to almost 15 per cent of total revenue. The Ministry of Economy and Finance has its own internal audit unit which carries out audit of its collected revenues and the processes and procedures relating to the revenues which are also subjected to the TSA and its reconciliation processes. Accordingly, it is considered that the 75 percent threshold is met.

Table 19: Collected revenues by entity and category of revenue (2023)

Tax Revenues	UZS billion		Agency
Direct Taxes			
Taxes on profits	37,045.30	13.6%	Tax Committee
Taxes in income	10,505.10	3.9%	Tax Committee
Indirect Taxes			
Value Added Tax	57,886.30	21.3%	Tax and Customs Committee
Excise Tax	12,205.00	4.5%	Tax and Customs Committee
Customs Duties	9,606.10	3.5%	Customs Committee
Resource Payments and Tax on Property			
Tax on subsoil use	14,829.10	5.5%	Tax Committee
Other Income	39,898.80	14.7%	Ministry of Economy and Finance
State Targeted Funds	47,063.60	17.3%	
Of which Pension Funds	39,805.80	14.6%	Tax Committee
Extra budgetary funds of State Organisations	31,566.30	11.6%	
UFRD	11,262.00	4.1%	
Total	271,853.70	100%	

Other Income from interest, dividends and privatisation receipts received. These have been subjected to Internal Audit in the MOEF.

State Targeted Funds deductions from taxes, mandatory payments and fines, sponsorship funds and other income

UFRD proceeds from the excess of the world price for strategic resources over the cut-off price; income from asset management of UFRD and other sources as determined by law.

Law of the Republic of Uzbekistan About the state provision of pensions of citizens

https://cis-legislation.com/document.fwx?rgn=907

https://www.lex.uz/acts/1594753#1594996 paras 12 and 13

Recent or ongoing reform activities:

459. The Government of Uzbekistan has prioritized reforms in the tax administration system to create a better business and investment environment.[61] Starting in 2021 a project supported by the World Bank includes key components directed at improving the State Tax Committee's (STC) operational, institutional, technological and human resource capacities, and promoting voluntary compliance across Uzbekistan. The project has three components:

460. Component 1 invests in automating the STC's core tax administration business processes. This includes developing the STC's new tax management information system to reduce paperwork and simplify the process of paying taxes by businesses and individuals countrywide; upgrading hardware and technological infrastructure; creating a new data center for the STC; and improving governance and the planning capacity of the STC's IT department.

461. Component 2 assists with designing and implementing measures to reduce the informal sector of the economy. This includes improving the STC's enforcement capabilities to detect and discourage tax evasion; encouraging businesses to stay out of the shadows, including through the use of non-tax incentives; and developing cooperative relationships with the private sector, including through designing new or simplified tax policies and procedures and building partnerships to change taxpayers' behavior.

462. Component 3 aims to strengthen the STC's human resource and institutional capacities to attract, develop, and retain skilled and knowledgeable tax officials. This includes improving STC's human resources management policies and building capacity through the continuous professional development of tax officials.

463. With respect to the State Customs Committee,[62] starting September 1, 2020, all border customs posts began using a "Single Window" digital information system to cut registration of cargo customs declarations from three days to one. Importers are required to present information in advance and confirm the issuance of all applicable certificates in the Single Window system. Starting October 1, 2021, Uzbekistan created customs posts for remote electronic declaration that carry out remote customs clearance of submitted electronic cargo customs declarations.

464. Uzbekistan joined World Customs Organization and Revised Kyoto Convention on May 16, 2021. The Revised Kyoto Convention serves as a blueprint for modern Customs procedures, emphasizing predictable and transparent processes based on information technologies, risk management, coordinated controls, and partnerships with trade. Uzbekistan is preparing for World Trade Organization accession.

[61] Platform for Collaboration on Tax: https://www.tax-platform.org/country/uzbekistan
[62] https://customs.uz/en; Single window: https://sw2.customs.uz/?lang=en_EN

19.1. Rights and obligations for revenue measures

465. *Dimension 19.1 assesses at the time of assessment the extent to which individuals and enterprises have access to information about their rights and obligations. and to administrative procedures and processes that allow redress such as a fair and independent body outside of the general legal system (ideally a "tax court") that is able to consider appeals.*

Performance level and evidence for scoring:

Table 19.1. Rights and obligations for revenue measures (At time of assessment)

Collecting entity	**Category of revenue** (see detail of % in Table 19)	**Information available to payers on revenue rights and obligations**				
		Revenue obligations (Y/N)	**Redress processes and procedures** (Y/N)	**Comprehensive** (Y/N)	**Up-to-date** (Y/N)	**Source of information**
Tax Committee	Value Added Tax	Yes	Yes	Yes	Yes	Tax Code
	Excise tax	Yes	Yes	Yes	Yes	Tax Code
	Turnover tax.	Yes	Yes	Yes	Yes	Tax Code
	Personal income tax	Yes	Yes	Yes	Yes	Tax Code
	Profit tax	Yes	Yes	Yes	Yes	Tax Code
	Subsoil use tax	Yes	Yes	Yes	Yes	Tax Code
	Property tax	Yes	Yes	Yes	Yes	Tax Code
	Land tax	Yes	Yes	Yes	Yes	Tax Code
	Tax for use of water resources	Yes	Yes	Yes	Yes	Tax Code
Customs Committee	Value Added Tax	Yes	Yes	Yes	Yes	Tax Code
	excise tax	Yes	Yes	Yes	Yes	Tax Code
	customs duty	Yes	Yes	Yes	Yes	Tax Code
	other payments	Yes	Yes	Yes	Yes	Tax Code

Source: Tax code of the Republic of Uzbekistan: https/lex.uz/docs/5535180
Customs code of the Republic of Uzbekistan: https//lex.uz/docs/5535133

466. Both the Tax Code and Customs Code are comprehensive in their coverage of the obligations and rights of the authorities and taxpayers and detail individual taxes. Articles 231 to 236 of the Tax Code and Section XI of the Customs Code cover the Appeals Procedures with a three-stage process (with the assessor, higher level tax (including business association representative) and finally the Court). In addition to the Codes, the Tax and Customs Committees engages in taxpayer education activities by holding regular meetings with companies and using videos and messaging on social media as well as TV and radio. Any potential changes to the Codes are discussed in advance to solicit taxpayer input. Score A

Performance change since a previous PEFA assessment:

467. Both entities collecting most revenues use multiple channels to provide payers with easy access to comprehensive and up-to-date information on the main revenue obligation. A redress mechanism with clear and procedures is in place for both entities. Score A

468. There is no change in the score from the previous PEFA.

19.2. Revenue risk management

469. *Dimension 19.2 assesses at the time of assessment the extent to which a comprehensive, structured and systematic approach is used within the revenue entities for assessing and prioritizing compliance risks.*

Performance level and evidence for scoring:

Table 19.2. Revenue risk management (At time of assessment)

Collecting entity	**Category of revenue** (see detail of % in Table 19)	**Approaches for assessing and prioritizing compliance risks**		**Coverage**	
		Comprehensive (Y/N)	**Structured and systematic** (Y/Partly/N)	**Large revenue payers** (Y/N)	**Medium revenue payers** (Y/N)
Tax Committee	Value Added Tax	Yes	Yes	Yes	Yes
	Excise tax	Yes	Yes	Yes	Yes
	Turnover tax.	Yes	Yes	Yes	Yes
	Personal income tax	Yes	Yes	Yes	Yes
	Profit tax	Yes	Yes	Yes	Yes
	Subsoil use tax		Yes	Yes	Yes
	Property tax	Yes	Yes	Yes	Yes
	Land tax	Yes	Yes	Yes	Yes
	Tax for use of water resources		Yes	Yes	Yes
Customs Committee	All	Yes	Yes	All imports	

470. Detailed risk factors relating to taxpayers are set out in both the Tax Codes. Risk analysis software is used by Tax and Customs Committees which automatically selects taxpayers for audit. Information that determines the risk factors is updated regularly. Any tax violations that may previously have taken place are in the system that would increase the risk profile. Each Committee has a specialist department that deals with risk. Information is shared by the Committees.

471. All taxpayers have a Tax Identification Number which is linked to a citizen's Personal Identification Number (issued at birth). The Tax Code stipulates that taxpayers shall be required to exercise due diligence in tax relations, when choosing counterparts, by checking whether they are registered with the tax authorities as taxpayers and their ability to fulfil obligations. Expenses (losses)

incurred by a taxpayer in transactions with persons who have not fulfilled their obligations to the taxpayer shall not be recognized for tax purposes as the taxpayer was deemed to not demonstrate due diligence when concluding the transaction. Tax authorities shall provide taxpayers with access to information on the registration of counterparties with tax authorities as taxpayers, as well as to other information in the manner determined by the State Tax Committee. While a Tax Clearance Certificate is not required for access for state procurement, the tax status of the applicant is considered, but may not preclude selection in a tender.

472. Chapter 40 of the Customs Code covers the use of Customs Brokers who perform customs operations on behalf of an importer according to the customs legislation. While the use of customs brokers is not mandatory, their use lessens risk.

473. Detailed risk factors relating to taxpayers are set out in both the Tax Codes. Risk analysis software is used by Tax and Customs Committees. All taxpayers have a Tax Identification Number. Taxpayers are segmented by large and medium size. Score A

Performance change since a previous PEFA assessment:

474. Both entities collecting most of revenue use structured and systematic approach for assessing and prioritizing compliance risk. Development of comprehensive compliance risk management is in progress. Score C

475. The score has improved since the previous PEFA as the risk management process is now being implemented.

19.3. Revenue audit and investigation

476. *Dimension 19.3 assesses whether sufficient controls are in place in 2023 to deter evasion and ensure that instances of noncompliance are revealed*.

Performance level and evidence for scoring:

Table 19.3. Revenue audit and investigation (Last completed fiscal year)

Collecting entity	**Category of revenue** (see detail of % in Table 19)	**Audit and fraud investigations undertaken** (Y/N)	**In accordance with compliance improvement plan** (Y/N)	**Compliance improvement plan documented** (Y/N)	**Completion rate of planned audits and investigations (in 2022)**		
					Completed	**Planned**	**Completed/Planned as a percentage**
Tax Committee					***1157***	***1157***	***100%***
	Value Added Tax	Yes	Yes	Yes			
	Excise tax	Yes	Yes	Yes			
	Profit tax	Yes	Yes	Yes			
	Personal income tax	Yes	Yes	Yes			
	Turnover tax	Yes	Yes	Yes			

	Land tax	Yes	Yes	Yes			
	Property tax	Yes	Yes	Yes			
	Tax for use of water resources	Yes	Yes	Yes			
	Subsoil use tax	Yes	Yes	Yes			
Customs Committee	All	Yes	Yes	Yes			

477. Article 137 of the Tax Code identifies that tax audits shall be conducted with the purpose of checking compliance by taxpayers, payers of levies and tax agents with tax legislation. A tax audit shall be carried out on the basis of the study and analysis of data concerning the taxpayer, which is available with the tax authorities based on the risk software rather than have a planned audit schedule. Tax authorities perform the following types of tax audits: (1) a cameral (in-house) tax inspection; (2) an on-site tax inspection; and (3) an audit of tax operations. In all, 1,157 audits were carried out in 2022.

478. A similar approach is adopted by the Customs Committee which uses the risk analysis software to determine whether an import is subject to physical and document inspection (akin to ASCYUDA red, 15% of total in 2023); document check only (yellow 7% of total) or no check (green 15% of total). The system also provides information where a post clearance audit may be conducted (blue) if certain conditions are applicable such as tax benefits and allowances or imports for special purposes. The Customs Committee reports that these are insignificant in number.

479. Audits are carried out on the basis of risk on taxpayers as identified by the risk assessment software used by the tax Committees. As data for 2023 (the last completed fiscal year) has not been made available) the score is D*.

Performance change since a previous PEFA assessment:

480. The State Tax Committee (84% share of all collected revenue) performed revenue audits and inspection for 56% of all legal entities in fiscal year 2017 applying risk-based approach. State Customs Committee (8% share) monitors compliance but fail to report on percentage of mitigation activities performed over the last completed year. Score C

481. The audit selection and implementation process is now based on risk factors which taxpayers are selected for audit during the year.

19.4. Revenue arrears monitoring

482. *Dimension 19.4 assesses for 2023 the extent of proper management of arrears within the revenue entities by focusing on the level and age of revenue arrears.*

Performance level and evidence for scoring:

Table 19.4. Revenue arrears monitoring (Last completed fiscal year)

Collecting entity	Category of revenue (See detail of % in Table 19)	Stock of arrears (in 2022)			
		Total amount of arrears (in trillion soums)	Arrears % of annual collections (%)	Amount of arrears older than 12 months (in trillion soums)	Arrears older than 12 months % of annual collections
Tax Committee	Value Added Tax	1.9	5.7	0.1	0.2
	Excise tax	0.2	1.4	0.0	0.0
	Profit tax	0.2	0.7	0.0	0.0
	Personal income tax	0.5	2.2	0.1	0.4
	Turnover tax	0.1	5.7	0.0	0.5
	Land tax	0.6	12.1	0.1	1.8
	Property tax	0.2	4.8	0.0	0.6
	Tax for use of water resources	0.2	34.7	0.0	5.4
	Subsoil use tax	0.3	2.0	0.1	0.9
		4.2	2.8	0.4	0.3

Source State Tax Committee

483. Table 19.4 indicates that arrears on taxes collected by the Tax Committee are less than 3% with arrears older than 12 months less than 0.3%. Chapter 10 of the Tax Code deals with Fulfillment of Tax Obligation. It addresses arrears and the conditions for write off when it is impossible to collect them (death, liquidation, bankruptcy etc.). Arrears relating to the Customs Committee are negligible as some 95% of taxes are paid prior to the submission or filing of declarations. Those imports not subject to prepayment are made by importers with special status (based on risk) and guarantees or bonds have to be provided to allow payment deferral of 20 days after import. As data for 2023 (the last completed fiscal year) has not been made available the score is D*.

Performance change since a previous PEFA assessment:

484. The total amount of revenue arrears as well as the arrears older than 12 months is insignificant. It represents less than 1% of revenues for fiscal year 2017. The rate of arrears has been consistently below 1% during the three years of assessment. Score A

485. As there is no data for 2023, it has not been possible to confirm that there is no change in scoring.

PI-20. Accounting for revenue

486. This indicator assesses procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling tax revenue accounts. It covers both tax and nontax revenues collected by the central government. Coverage is CG at time of assessment. This indicator uses **M1 (WL)** for aggregating dimension scores.

Methodological notes:

487. Meetings were held with the Tax and Customs Committee, the State Treasury and the Tax Policy Department.

Summary table of scores:

Indicator/Dimension	Assessment of PFM performance	Score current PEFA	Score previous PEFA
PI-20. Accounting for revenue (M1)		**D+**	**A**
20.1. Information on revenue collections	Revenue collections are monitored in real time. At the end of each month a report is prepared analyzing collections against revenues in the forecasts highlighting reasons for any variations. This report is submitted to the Minister of Finance and the management team.	A	A
20.2. Transfer of revenue collections	All tax payments are made directly into the subaccount attributable to the collecting agencies in the Treasury Single Account	A	A
20.3. Revenue accounts reconciliation	There is an electronic file for each taxpayer identified by the TIN. Filing is done electronically online. The taxpayers file is updated on the basis of payment made against payment assessed and due in real time with a reconciliation report available immediately. However, the lack of information on arrears in 2023 means the reconciliation process is unconfirmed.	D	A

Detailed description of the country PFM system for the assessed performance indicator:

488. See PI-19 Revenue administration

Recent or ongoing reform activities:

489. See PI-19 Revenue administration

20.1. Information on revenue collections

490. *Dimension 20.1 assesses the extent to which a central ministry, i.e. MoE or a body with similar responsibilities, coordinates revenue administration activities and collects, accounts for, and reports timely information on collected revenue covered in PI-19.*

Table 20.1: Information on revenue collections (At time of assessment)

Performance level and evidence for scoring: Collecting entity	Category of revenue (See detail of % in Table 19)	Collection of revenue information by a central agency (Y/N)	Frequency of data transfer to the central agency	Transferred data characteristics (Y/N):		
				Broken down by revenue type	Consolidated into a report	Consolidated
All		Y	Daily	Y	Y	Y

Data source: Tax Committee, Customs Committee Tax Policy Department

491. Revenue collections are monitored in real time as evidenced by the Tax Policy Department. At the end of each month a report is prepared analyzing collections against revenues in the forecasts highlighting reasons for any variations. This report is submitted to the Minister of Finance and the management team. Score A

Performance change since a previous PEFA assessment:

492. The Treasury at MoF collected revenue data from STC and SCC in real time on daily basis and presents the information by revenue source in monthly reports. Score A

493. There is no change in scoring since the previous PEFA.

20.2. Transfer of revenue collections

494. *Dimension 20.2 assesses the promptness of transfers to Treasury other designated agencies of revenue collected at the time of the assessment.*

Performance level and evidence for scoring:

Table 20.2: Transfer of revenue collections *(At time of assessment)*

Collecting entity	Category of revenue (See detail of % in Table 19)	Frequency of revenue collections transfer directly into accounts controlled by the Treasury	Frequency of revenue collections transfer to the Treasury and other designated agencies
Tax Committee		Daily	Not Applicable
Customs Committee		Daily	Not Applicable

Data source: Tax Committee Customs Committee

495. All tax payments are made directly into the subaccount attributable to the collecting agencies in the Treasury Single Account (TSA). Score A

Performance change since a previous PEFA assessment:

496. Transfers of revenue are made daily. Score A

497. There is no change since the previous PEFA.

20.3. Revenue accounts reconciliation

498. *Dimension 20.3 assesses the extent to which aggregate amounts related to assessments/charges, collections, arrears and transfers to (and receipts by) finance or designated other agencies take place regularly and are reconciled in a timely manner at the time of assessment.*

Performance level and evidence for scoring:

Table 20.3: Revenue accounts reconciliation (At time of assessment)

Collecting entity	Category of revenue (See detail of % in Table 19)	Frequency of reconciliation	Timeline of reconciliation	Type of reconciled data (Y/N):			
				Assessments	Collections	Arrears	Transfers to Treasury/ other
Tax Committee		Daily	Daily	Y	Y	Y	Y
Customs Committee		Daily	Daily	Y	Y	Y	Y

Data source: Tax Committee Customs Committee

499. There is an electronic file for each taxpayer identified by the Tax Identification Number. Filing is done electronically online. The taxpayer file is updated on the basis of payment made against payment assessed and due in real time with a reconciliation report available immediately. It is likely that the score may be A, but the lack of information on arrears in 2023 ensures a D score.

Performance change since a previous PEFA assessment:

500. Reconciliation is made monthly within 10 days of month end by both tax and customs. Overdue reconciliation is done quarterly. Score A

501. It is likely that there is no change in scoring since the previous PEFA.

PI-21. Predictability of in-year resource allocation

502. **What does PI-21 measure?** This indicator assesses the extent to which the central MoF is able to forecast cash commitments and requirements and to provide reliable information on the availability of funds to budgetary units for service delivery. Coverage is BCG at time of assessment for PI-21.1 and for last completed fiscal year, 2023 for PI-21.2, 21.3 and 21.4. This indicator uses the **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

503. Meetings were held with State Treasury who demonstrated the software UzASBO that covers the financial system (see PI-25).

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-21. Predictability of in-year resource allocation (M2)		**A**	**A**
21.1. Consolidation of cash balances	Cash flow management is implemented on a daily basis which covers both domestic and foreign currencies.	A	A

21.2. Cash forecasting and monitoring	Cash flow forecasts are made for the whole year covering both expenditures and revenues and are updated on the basis of actual inflows monthly cash flow. These are approved by the Ministry of Economy and Finance on a quarterly basis.	A	A
21.3. Information on commitment ceilings	All spending agencies are able to plan their procurement up to 6 months in advance	A	A
21.4. Significance of in-year budget adjustments	There was one supplementary budget approved by the Legislature in 2023	A	A

Detailed description of the country PFM system for the assessed performance indicator:

504. Revenues are included in the budget detailing estimates by type. Expenditures are included in the annual budget broken down into administrative and economic categories. These budgeted allocations form the basis for cash flow monitoring and forecasting which determines the timeliness of spending during the year. These data are entered in to the GFMIS software system that is used to manage the budget. There is a Single Treasury Account in place.

Recent or ongoing reform activities:

505. In 2022, a Presidential Degree Treasury Execution of Foreign Currencies was enacted that incorporated all foreign currency accounts of the Government into the Treasury Single Account.[63] An updated document on Cash flow management was issued by Cabinet of Ministers order #47 dated January 25, 2024. The document defines all procedures relating to cash management: minimum amount of cash in the accounts to cover the primary expenses of the budget and their use, cash flow forecasts, other cash management issues, etc.

21.1. Consolidation of cash balances

506. *Dimension 21.1 assesses the extent to which MoF can identify and consolidate cash balances as a basis for informing the release of funds at the time of assessment.*

Performance level and evidence for scoring:

[63] UFRD has accounts both in Central Bank and TSA. Some funds are spent directly from its Central Bank account such as buying shares, stocks etc. If the funds are going to be spent through government entities, the funds are transferred to the UFRD TSA account first, then funds are transferred to budgetary organizations for spending. URFC reports that 64% of its transactions in 2023 were though TSA. Any transfer to URFC from the budget will have been recorded in the TSA. Materiality is not impacted.

Table 21.1: Consolidation of cash balances (At time of assessment)

Bank and cash – Category of accounts	Frequency of consolidation (Daily, Weekly, Monthly)
Treasury Single Account which has linked subaccounts in local and foreign currencies	Daily

Data source: State Treasury

507. As part of the demonstration of the software system managed by State Treasury, the Assessment Team has been able to verify that cash flow management is implemented on a daily basis. The State Treasury has records of revenues and expenditures on a daily basis. At the end of each day (after 5pm) the central bank sends them an "End-file", which is a reconciliation file. Treasury compares the file with its own records. Score A

Performance change since a previous PEFA assessment:

508. The Treasury consolidates all cash balances on daily basis except for the volume of bank accounts in foreign currency in commercial banks, with volume 2% in 2017 and 1% in 3rd Quarter in 2018, thus it represents less than 10%. Score A

509. While the score has remained at A, the materiality has improved with the absorption of foreign currencies into the TSA.

21.2. Cash forecasting and monitoring

510. *Dimension 21.2 assesses the extent to which budgetary unit commitments and cash flows are forecast and monitored by MoF in 2023.*

Performance level and evidence for scoring:

511. Cash flow forecasts are made for the whole year covering both expenditures and revenues. Inputs are based on the actual budget and the forecasts of the timing of revenue flows and the seasonal requirements for spending. Cabinet of Ministers Resolution #47 specifies that the revenue and expenditure forecast is formed electronically by integrated electronic information exchange or input into GFMIS and is compiled on a ten-day and monthly basis based on the following data: indicators implied in the annual spreads of incomes and expenses; month-by-month distribution of income recorded by collection agencies for the current financial year; monthly distribution of income recorded by the Ministry of Economy and Finance and regional economic and financial bodies for the current financial year; forecast of payments for the expenses of the republican budget and local budgets for the current fiscal year; revenue forecast for the current fiscal year; forecast of funds planned to be attracted from international financial institutions in the current fiscal year (month-by-month); forecast of receipts of government securities scheduled to be put into circulation in the current financial year or expenses for their extinguishment (month-by-month); forecast of income (month-by-month) on principal and interest of budget loans, deposits and credit lines allocated from the budget of the republic, scheduled to be repaid this year; forecast of budget loans, subsidies, deposits and credit lines planned to be allocated in the current financial year; (month-by-month) forecast on inter-budgetary

transfers allocated from the republican budget in the current financial year; inter-budgetary mutual calculations that occur between higher and lower budgets when the parameters of the budgets change during the financial year; forecast of the state budget income plan increase; revenue forecast from privatization of state assets.

512. The forecasts are updated on the basis of actual monthly cash flow and are approved by the Ministry of Economy and Finance on a quarterly basis. The Assessment Team was shown the cash flow forecasts for the whole year as part of the demonstration of the overall IT system used. Score A

Performance change since a previous PEFA assessment:

513. Cash flow forecasts are prepared for the fiscal year and are updated monthly on the basis of cash inflows and outflows, but they are approved only quarterly by the Ministry responsible for finance. Score A

514. There is no change since the previous PEFA.

21.3. Information on commitment ceilings

515. *Dimension 21.3 assesses the reliability of in-year information available to budgetary units on ceilings for expenditure commitment for specific periods for 2023.*

Performance level and evidence for scoring:

516. All spending agencies are able to plan their procurement and all other expenditures up to six months in advance and spend accordingly. This information is communicated to spending units though the IT system module on commitments and controlled by a ceilings limit. However, if expenditure and procurement needs require that this has to be adjusted this can be facilitated. Score A

Performance change since a previous PEFA assessment:

517. Budgetary organizations are able to plan and commit expenditure for at least six months in advance with the budgeted appropriations. They can even spend all the appropriation at the beginning of the year if justified. Score A

518. There is no change since the previous PEFA.

21.4. Significance of in-year budget adjustments

519. *Dimension 21.4 assesses the frequency and transparency of adjustments to budget allocations in 2023. Governments may need to make in-year adjustments to allocations in the light of unanticipated events that affect revenues or expenditures.*

Performance level and evidence for scoring:

520. There was one supplementary budget in 2023, which was adopted on December 25.[64] This is within one week of the end of the financial year. The supplementary budget is presented to and approved by the Legislature and follows its procedures. In effect, the supplementary budget is a consolidation of virement changes (PI-18.4) made during the year rather than making significant in-year adjustments to the original budget that would not be permitted under the rules governing virement. The evidence in PI-1 and PI-3 shows that the overall impact measures -0.6% on total expenditure and +0.9% on total revenue.

521. The single supplementary budget is presented to and approved by the Legislature and follows its procedures. Score A

Performance change since a previous PEFA assessment:

522. Significant in-year adjustments to budget allocations take place infrequently and are done in a transparent and predictable way. In-year budget adjustment was below 10% for 2017. Score A

523. There is no change since the previous PEFA.

[64] Law #LRU-885 on Supplementary budget for 2023 adopted on December 25, 2023

PI-22. Expenditure arrears

524. **What does PI-22 measure?** This indicator measures the extent to which there is a stock of arrears, and the extent to which a systemic problem in this regard is being addressed and brought under control. Coverage is BCG for the last completed fiscal year, 2023 for PI-22.1 and at time of assessment for PI-22.2. This indicator uses the **M1** (WL) method for aggregating dimensions scores.

Methodological notes:

525. Meetings were held with State Treasury and information on arrears was provided to the Assessment Team.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-22. Expenditure arrears (M1)		**A**	**A**
22.1. Stock of expenditure arrears	The stock of expenditure arrears is negligible.	A	A
22.2. Expenditure arrears monitoring	The Treasury monitors and reports on arrears. The system in place is manages the payment process which in turn highlights any arrears on a daily basis. There are some paper based invoices only for confidential and exceptional procurement which represents up to 8-10% of the total expenditure. Arrears are confined to this category of expenditure. An arrears report is produced at the end of each quarter within the month following the end of the quarter.	A	A

Detailed description of the country PFM system for the assessed performance indicator:

526. Arrears in Uzbekistan are defined as non-payment after 90 days of an approved invoice.

Recent or ongoing reform activities:

527. The IT system used by the Treasury is described under PI-25.

22.1. Stock of expenditure arrears

528. *Dimension 22.1 assesses the extent to which there is a stock of arrears in 2021, 2022 and 2023.*

Performance level and evidence for scoring:

529. The stock of expenditure arrears is detailed in Table 22.1.

Table 22.1: Expenditure Arrears of the State Budget

(UZS billion)

2021	
Arrears	12.1
Total Expenditure	202,969.6
%	0.006
2022	
Arrears	24.2
Total Expenditure	342,522.2
%	0.007
2023	
Arrears	6.0
Total Expenditure	314,511.8
%	0.002

Data source: State Treasury Committee and PI-1

530. The stock of expenditure arrears is negligible. Score A

Performance change since a previous PEFA assessment:

531. In all three years of assessment, the stock of arrear was less than 0.5 percent of the total actual budget expenditure. Score A

532. There is no change since the previous PEFA.

22.2. Expenditure arrears monitoring

533. *Dimension 22.2 assesses the extent to which any expenditure arrears are identified and monitored at the time of the assessment.*

Performance level and evidence for scoring:

Table 22.2: Expenditure arrears monitoring (At time of assessment)

Data generated (Y/N):			Frequency of reports	Timeline
Stock	Age profile	Composition		
Y	Y	Y	Quarterly	Electronic system checked daily.

Data source: Treasury Committee

534. The Treasury monitors and reports on arrears. The system in place manages the payment process which in turn highlights any arrears. After procurement a supplier provides online invoice

through Tax MIS to the budgetary organization. If correct, the budget organization approves it, and it is automatically sent to the Treasury. The Treasury checks it against contract and budget allocation availability and approves if everything is ok. Then budget organization may send payment order to the Treasury for the execution. Treasury proceeds with the payment – may reject only for technical reasons/errors. The policy for payment is the day after approval. Arrears are not generated under this process. However, there are some paper-based invoices only for confidential and exceptional procurement which represents up to 8-10% of the total expenditure. Arrears are confined to this category of expenditure. An arrears report is produced at the end of each quarter within the month following the end of the quarter. Score A

Performance change since a previous PEFA assessment:

535. Data on arrears is monitored on a daily basis according to the local definition of arrears and reported in quarterly reports together with age within one month after the end of the quarter. Score A

536. There is no change since the previous PEFA.

PI-23. Payroll controls

537. **What does PI-23 measure?** This indicator is concerned with the payroll for public servants only: how it is managed, how changes are handled, and how consistency with personnel records management is achieved. Wages for casual labor and discretionary allowances that do not form part of the payroll system are included in the assessment of non-salary internal controls, PI-25. Coverage is CG at time of assessment for PI-23.1, 23.2 and 23.3 and for last three completed fiscal years, 2021, 2022 and 2023 for PI-23.4. This indicator uses the **M1** (WL) method for aggregating dimension scores.

Methodological notes:

538. Meetings were held with State Treasury, MOEF Department of Accounts and Central Harmonization Unit (Internal Audit). The part of UzASBO system with regards to personnel and payroll was demonstrated to the Assessment Team.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-23. Payroll controls (M1)		**A**	**B+**
23.1. Integration of payroll and personnel records	Details of staff appointment and dismissal, any change of position made by Human Resource Department are reflected in Accounting Division records in UzASBO automatically. The salary calculation is done automatically based on staff plan, salary and days worked days.	A	A
23.2. Management of payroll changes	Changes to personnel records are made in real time as they are entered in UzASBO. Retroactive salary recalculation is rare.	A	A

23.3. Internal control of payroll	Access is defined by an individual's role and responsibility and is not universal. Everyone that has access to the system including personnel and payroll has a unique ID number and electronic key to access the system. There is an audit trail based on what has been done and who has carried it out in the system.	A	A
23.4. Payroll audit	Payroll audits are carried out every year for all budget organizations as part of the annual internal audit process based on risk analysis.	A	B

Detailed description of the country PFM system for the assessed performance indicator:

539. The payroll and personnel system in place is integrated and covers all central government employees. Payroll audit is conducted as part of the internal audit function that is carried out by ministerial internal audit in cooperation with the Central Harmonization Unit.

Recent or ongoing reform activities:

540. Payroll and personnel has been fully incorporated into the upgraded UzASBO (version 2), which covers all central government employees.

23.1. Integration of payroll and personnel records

541. *Dimension 23.1 assesses at the time of assessment the degree of integration between personnel, payroll, and budget data.*

Performance level and evidence for scoring:

542. Hiring of staff follows a defined process. The need for an employee is determined by the approved number of employees in an organization established in the government staffing plan and the actual number employed as well as the allocated budget. Eligibility for a position is initially assessed though the review of the applicant's documents. Any tests that may be determined to be held are undertaken which is then followed by an interview by the Ministry Human Resource Department. Details of staff appointment and dismissal, any change of position made by Human Resource Department are reflected in Accounting Division records in UzASBO, which is coded appropriately to incorporate these details. Staff records include a digital photo for security purposes. The salary calculation is done automatically based on staff plan, salary and days worked days. Score A

Performance change since a previous PEFA assessment:

543. Personnel data and payroll data are now directly linked. Payroll is integrated into UzASBO Score A

544. There is no change since the previous PEFA.

23.2. Management of payroll changes

545. *Dimension 23.2 assesses the timeliness of changes to personnel and payroll data at the time of assessment.*

Performance level and evidence for scoring:

546. The part of UzASBO system with regards to personnel and payroll was demonstrated to the Assessment Team. Changes to personnel records are made in real time as they are entered in UzASBO. Retroactive salary recalculation is rare and happens mostly on failure to submit medical document justifying sick leave. The attendance of staff at the place of work or at another government building is documented by the facial recognition entrance barrier-system. Appearance records are analyzed and are a useful tool to ensure that there are no ghost workers. If there is absence over some time, HR follows up requesting reasons for absences. Score A

Performance change since a previous PEFA assessment:

547. Required changes to personnel records and payroll are updated automatically and retroactive adjustments are less than 3% (0.91%). Score A

548. There is no change since the previous PEFA.

23.3. Internal control of payroll

549. *Dimension 23.3 assesses the controls that are applied to the making of changes to personnel and payroll data at the time of assessment.*

Performance level and evidence for scoring:

550. The part of UzASBO system with regards to personnel and payroll was demonstrated to the Assessment Team. Access to UzASBO is defined by an individual's role and responsibility and is therefore not universal. Everyone that has access to the system, including personnel and payroll, has a unique ID number and electronic key to access the system. There is an audit trail based on what has been done and who has carried it out in the system. Score A

Performance change since a previous PEFA assessment:

551. Access to payroll and staff records modules in the software system is restricted, authority to make changes results in an audit trail. Score A

552. There is no change in the score since the previous PEFA.

23.4. Payroll audit

553. *Dimension 23.4 assesses the degree of integrity of the payroll covering 2021, 2022 and 2023.*

Performance level and evidence for scoring:

554. Payroll audits are carried out as part of the annual internal audit process based on risk analysis that is carried out by the Ministerial Internal Audit Units (see PI-26), which has expanded over time. Payroll audits are conducted every year for budget organizations with Internal Audit, which covers virtually all of central government. The payroll audit covers review and verification of correct salary calculation, personal income tax charges and social security contributions and actual salary payment. The improvement of UzASBO (version 2) integrating payroll and personnel records has upgraded information and control and has facilitated the payroll audit process. A strong system of annual payroll audits exists to expose control weaknesses and identify ghost workers. Score A

Performance change since a previous PEFA assessment:

555. Payroll audit covering all central government entities are conducted by the Control Revision Unit once every two years as part of their review of the targeted use of budget funds. Score B

556. The score has improved with the transfer of audit from the Control Revision Unit responsible for inspection and control activities to the Internal Audit function, which includes payroll audits as part of its annual activities.

PI-24. Procurement

557. **What does PI-24 measure?** This indicator examines key aspects of procurement management. It focuses on transparency of arrangements, emphasis on open and competitive procedures, monitoring of procurement results, and access to appeal and redress arrangements. Coverage is CG for the last completed fiscal year, 2023. This indicator uses the **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

558. Meetings were held with Procurement Department in the Ministry of Economy Finance who had filled in the data questionnaire.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-24. Procurement (M2)		**B+**	**B**
24.1. Procurement monitoring	The database on all procurement was shown to include what has been procured, the value of procurement and who has been awarded the contract. The information system was demonstrated as being complete for all procurement methods.	A	A
24.2. Procurement methods	Competitive tender represent in 59.3% of the total procurement above the threshold.	D	D

24.3. Public access to procurement information	All six key elements of the procurement information are made available to the public	A	B
24.4. Procurement complaints management	All six elements relating to procurement complains are met	A	A

Detailed description of the country PFM system for the assessed performance indicator:

559. According to Article 20 of the Law "On Public Procurement", the Procurement Commission is a collegiate body formed by the state customer for the organization and conduct of procurement procedures, the regulation for which requires the formation of such a body. The procurement commission is an acting body under the state customer, formed and disbanded by the relevant decisions of the state customer. The Procurement Department in the Ministry of Economy and Finance manages the procurement process in conjunction with the department/agencies that are procuring. All procurement is managed electronically with a dedicated portal[65] with Public Procurement Procedures and Contracts. The results of procurements are linked to GFMIS with respect to commitments and UzASBO for resulting invoices.

Recent or ongoing reform activities:

560. The Law of the Republic of Uzbekistan on Public Procurement was adopted by the Legislative Chamber on December 1, 2020, and approved by the Senate on March 12, 2021.[66] The aim of the law is to regulate relations in the field of public procurement. It covers various aspects related to public procurement including procedures, financing sources and information disclosure. Under Article 20 the Procurement Commission is a collegiate body formed by the state customer for the organization and conduct of procurement procedures with its formation defined by regulation. The law applies to public procurement in the following scenarios: Implementation of projects under the Investment Program of Uzbekistan and other state programs; business activities of state customers; financing from the budgets of the Republic of Uzbekistan or other fund; foreign grants, technical assistance, and loans and financial, humanitarian, or charitable assistance.

24.1. Procurement monitoring

561. *Dimension 24.1 assesses the extent to which prudent monitoring and reporting systems are in place within government for ensuring value for money and for promoting fiduciary integrity.*

Performance level and evidence for scoring:

[65] https://xarid.mf.uz/en/Specialized Information Web-portal of the Public Procurement of the Republic of Uzbekistan
[66] https://lex.uz/uz/docs/6121273

Table 24.1 Procurement monitoring 2023

Procurement method	Coverage (from Table 24.2)	Databases or records are maintained (Y/N)			Data is accurate and complete	
		What has been procured	Value of procurement	Who has been awarded contracts	Third party assurance (Y/N, specify)	Sample (Y/N, specify)
With competition/ Above threshold		Y	Y	Y	Y	Y
					The database containing procurement data was demonstrated to the Assessment Team by the State Treasury Committee	
Without competition/ Below threshold		Y	Y	Y	Y	Y

Data source: Ministry of Economy and Finance Procurement Department

562. Article 64 the Procurement Law states that public procurement through a tender shall be carried out if the following conditions are satisfied simultaneously: criteria for determining the winner have not only a monetary value, but a quantitative and qualitative assessment of the goods (work, services). Competitive tenders are above a threshold of the equivalent of US$165,000 for budgetary organizations and US$677,000 for non-budgetary organizations such as SOEs.[67] This is stipulated in Article 64 of the Law with Article 49 specifying a lower rate for some tenders solely though the Electronic Store.

563. Articles 71 and 72 specify the procedure and conditions for procuring through a single supplier under direct contract specifying the rational and list of goods and services. Article 73 regulates the single supplier register.

564. The database on all procurement was presented to the Assessment Team by the State Treasury Committee and was shown to include what has been procured, the value of procurement and who has been awarded the contract. The information system was demonstrated as being complete for all procurement methods. In addition, the Specialized Information Web-portal[68] of the Public Procurement of the Republic of Uzbekistan was examined. There is no evidence of adverse opinion on the procurement system by entities responsible for scrutiny of public finances. Score A

Performance change since a previous PEFA assessment:

[67] The stated threshold is expressed in "base calculated points" due to exchange rate fluctuations. 25,000 base calculated values (one base is 340,000 soums) is 8,500,000,000 soums (8.5 billion soums) and 6,000 base calculated values is 2,040,000,000 soums for budget customers.

[68] https://xarid.mf.uz/en/

565. Records of all procurement are maintained with details on value, duration, who has been awarded the contract. The data is complete and accurate and reconcile to the budget execution data on (i) services for goods and (ii) consumption of fixed capital. Score A

566. There is no change since the previous PEFA.

24.2 Procurement methods

567. *Dimension 24.2 analyzes the percentage of the total value of contracts awarded with and without competition.*

Performance level and evidence for scoring:

568. Table 24.2 presents information on procurement by method of tendering.

Table 24.2 Procurement method 2023

		billion soums	%
Total		**76,971.2**	**100%**
1	**Through competitive methods**	**39,883.0**	**51.8%**
1.1	Electronic store	4,893.0	6.4%
1.2	Electronic auction	603.1	0.8%
1.3	Cooperation portal	656.9	0.9%
1.4	Electronic selection	21,940.5	28.5%
1.5	Electronic tender	11,789.5	15.3%
2	**Through non-competitive methods**	**37,088.1**	**48.2%**
2.1	*With single suppliers*	12,529.1	16.3%
of which			
	On utility services	8,781.7	*11.4%*
	Security services	906.7	*7.2%*
	Telephone, post services	54.4	*0.4%*
	Archive services	21.1	*0.2%*
	Road maintenance	1333.7	*10.6%*
	Provision of engineering design services	17.9	*0.1%*
	Training	10.9	*0.1%*
2.2	*Through direct contracts*	24,559.1	31.9%

Source: Ministry of Economy and Finance Procurement Department

569. Table 24.2 shows that 51.8% of procurement is carried out using competitive methods and 48.2% by non-competitive methods. However, the non-competitive total includes single suppliers of utility services, security services, telephone and post services and archive services, which should be removed from the non-competitive tendering by dint of the nature of their supply. Other such as road maintenance, engineering design services and training are not natural monopolies. Excluding the first four from the non-competitive is justified on that ground which would decrease the share on non-

competitive tendering to 41.9% and increase the share of competitive tender from 51.8% to 59.3%. This does not alter the score of D as it still falls below the 60% scoring threshold.

Performance change since a previous PEFA assessment:

570. The total value of contracts awarded through competitive methods in the last completed fiscal year was about 42%, the remaining 58% represented the volume of direct contract award method. Score D

571. While there is an increase in the share of contract being awarded though competitive tendering, the score remains D.

24.3. Public access to procurement information

572. *Dimension 24.3 reviews the level of public access to complete, reliable and timely procurement information.*

Performance level and evidence for scoring:

573. Key procurement information to be made available to the public comprises is in Table 24.3:

Table 24.3 Public access to procurement information 2023

Element/ Requirements	Met (Y/N)	Evidence used/Comments
(1) legal and regulatory framework for procurement	Yes	Law of the Republic of Uzbekistan, dated 04/22/2021 y. No. LRU-684; Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, dated 05/20/2022 No. 276; Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 46 dated 01/31/2022; Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, dated 30.09.2019, No. 833
(2) government procurement plans	Yes	https://xarid.mf.uz/ https://xarid.uzex.uz/home https://xt-xarid.uz https://new.cooperation.uz https://tender.mc.uz
(3) bidding opportunities	Yes	https://xarid.uzex.uz/home https://xt-xarid.uz https://new.cooperation.uz https://tender.mc.uz
(4) contract awards (purpose, contractor and value)	Yes	https://xarid.mf.uz/ https://xarid.uzex.uz/home https://xt-xarid.uz https://new.cooperation.uz

		https://tender.mc.uz
(5) data on resolution of procurement complaints	Yes	https://xarid.mf.uz/
(6) annual procurement statistics	Yes	https://xarid.mf.uz/

Source: Ministry of Economy and Finance Procurement Department

574. All six key elements of the procurement information are made available to the public. There is no evidence of adverse opinion on the procurement system by entities responsible for scrutiny of public finances. Score A

Performance change since a previous PEFA assessment:

575. Five of the six procurement information elements were made available to the public in fiscal year 2017. This information was published on the e-procurement website. Score B

576. The score has improved from B to A as data on resolution of procurement complaints is now provided compared to the previous PEFA.

24.4. Procurement complaints management

577. *Dimension 24.4 assesses the existence and effectiveness of an independent, administrative complaint resolution mechanism.*

Performance level and evidence for scoring:

578. Table 24.4.1 shows that in 2023, there were 44 complaints reviewed by the Commission for Considering Complaints in the Field of Public Procurement with different and legitimate outcomes.

Table 24.4.1 Procurement Complaints Cases in 2023

Reviewed by The Commission for Considering Complaints in the Field of Public Procurement

Total	Satisfied		Not Satisfied		Partially Satisfied		Considered Inadmissible		Complaint Dismissed	
	No	%	No	%	No	%	No	%	No	%
44	12	27	15	35	6	13	11	25	0	0

Source: Ministry of Economy and Finance Procurement Department

579. Table 24.4.2 lists the elements of the complaints management following the PEFA guidelines.

Table 24.4.2 Procurement complaint management 2023

Complaints are reviewed by a body that:

Element/ Requirements	Met (Y/N)	Evidence used/Comments
(1) is not involved in any capacity in procurement transactions or in the process leading to contract award decisions	Yes	Article 78, Law of the Republic of Uzbekistan, dated 04/22/2021 y. No. LRU-684
(2) does not charge fees that	Yes	Article 78, Law of the Republic of Uzbekistan, dated

prohibit access by concerned parties		04/22/2021 y. No. LRU-684
(3) follows processes for submission and resolution of complaints that are clearly defined and publicly available	Yes	Article 79, Law of the Republic of Uzbekistan, dated 04/22/2021 y. No. LRU-684
(4) exercises the authority to suspend the procurement process	Yes	Article 79, Law of the Republic of Uzbekistan, dated 04/22/2021 y. No. LRU-684
(5) issues decisions within the timeframe specified in the rules/ regulations	Yes	Article 79, Law of the Republic of Uzbekistan, dated 04/22/2021 y. No. LRU-684
(6) issues decisions that are binding on every party (without precluding subsequent access to an external higher authority)	Yes	Article 79, Law of the Republic of Uzbekistan, dated 04/22/2021 y. No. LRU-684

Source: Ministry of Economy and Finance Procurement Department

580. Element 1 must be met to score higher than D. Under Article 20 of the Law “On Public Procurement”, the Procurement Commission is a collegiate body formed by the state customer for the organization and conduct of procurement procedures, the regulation for which requires the formation of such a body. The procurement commission is the acting body to award state procurement contracts based on the methods applied to a particular purchase of goods and services. Article 78 specifies the Commission for Considering Complaints in the Field of Public Procurement, which consists of representatives of the relevant state bodies, operators of electronic public procurement systems and the public. It is approved by the Cabinet of Ministers of the Republic of Uzbekistan.[69] Discussion with the Procurement Department indicates that the current members are from Ministry of Economy and Finance Procurement Department, Anti-corruption Agency, Ministry of Justice, Chamber of Commerce and Industry as well as other independent members from Civil Society. Any person from the Procurement Department that may happen to be involved in the procurement where a complaint is lodged is recused from the process. The representatives of the Department of Public Procurement Policy of the Ministry of Economy and Finance are not involved in the Procurement Commission of state customers. It would breach the Law “On Conflict of Interests”. Score A

Performance change since a previous PEFA assessment:

581. Complaints on electronic tenders are filed and resolved by an appeal body, the others are directly filed with the court. The composition of the appeal body is decided by the Cabinet of Ministers and consists of seven members from different organizations. This mechanism functioned for all procurement operations in fiscal year 2017. All procurement system criteria are met. Score A

582. The score in the previous PEFA was A as the reviewing body responsible for complaint resolution, operational in 2017, was legally separate from the procurement authority. It was independent from the procurement operations and was not subject to the influence of procurement

[69] Article 78 Law of the Republic of Uzbekistan on Public Procurement adopted by the Legislative Chamber on December 1, 2020, Approved by the Senate on March 12, 2021

managers. According to Article 20 of the 2021 Law “On Public Procurement”, the Procurement Commission is a collegiate body formed by the state customer for the organization and conduct of procurement procedures, the regulation for which requires the formation of such a body. Under Article 78 the Commission for Considering Complaints in the Field of Public Procurement is a separate entity. Even though the Law has changed, there is no change in score since the previous PEFA.

PI-25. Internal controls on non-salary expenditure

583. **What does PI-25 measure?** This indicator measures the effectiveness of general internal controls for non - salary expenditures. Specific expenditure controls on public service salaries are considered in PI-23. Coverage is CG at time of assessment. This indicator uses the **M2** (AV) method for aggregating dimension scores.

Methodological notes:

584. The Assessment Team visited the Treasury Committee, and all aspects of the IT and software systems were demonstrated.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-25. Internal controls on non-salary expenditure (M2)		**A**	**A**
25.1. Segregation of duties	Access is restricted to individuals relating to their roles and responsibilities with access though a digital key-in system only to that part of the system that they are assigned to in their work.	A	A
25.2. Effectiveness of expenditure commitment controls	The software system has a commitment control module Commitments are entered for the period. Once a commitment has been made this is entered into the database and the available commitment is reduced accordingly. Commitment in excess of what is available cannot be entered as the system will reject the entry.	A	A
25.3. Compliance with payment rules and procedures	All payments are compliant with regular payment procedures with full authorization embedded in the system.	A	A

Detailed description of the country PFM system for the assessed performance indicator:

585. Budget execution is managed by the Treasury Committee of the Ministry of Economy and Finance and operates digitally on the IT and specific software.

Recent or ongoing reform activities:

586. GFMIS software is used for public financial management with modules for the annual budget; the allocation during the year for dispersal which then forms the basis of commitment control and the procurement contracts that have been made which automatically reduces the available commitments

that can be subsequently made. UzASBO[70] is a software program related to accounting and reporting with invoices, salaries, and the tax systems. This was upgraded in 2021 under Regulation № 522 with UzASBO Faktura[71], which implemented the e-document exchange system that integrates into a central storage, transfer between e-invoice operators and keeping their records in state tax committee. As a result, payments to suppliers of goods/services are made only by e-invoice.

25.1. Segregation of duties

587. *Dimension 25.1 assesses the existence of the segregation of duties, which is a fundamental element of internal control to prevent an employee or group of employees from being in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties.*

Performance level and evidence for scoring:

588. Decree of the Minister (MOEF) #142 dated August 20, 2018, on segregation of duties lays out a clear division of responsibilities in a seven-page document. The segregation information is given to the Information Technology Center (ITC) that is responsible for administering and monitoring of integrity.

589. Access to the IT and software is restricted to individuals with their own unique ID number and electronic key to access the system relating to their roles and responsibilities. Access is through a digital key-in system and only to that part of the system that they are assigned to in their work. If someone is appointed, the head of department sends to ITC information on the appointment. ITC checks the position, authorizes and grants access only with permission related to appointment position. The same applies when someone quits a job or moves to another position. A letter is sent to ITC, and they act accordingly, the ID is cancelled, or access level is modified.

590. The demonstration of the system to the Assessment Team required different individuals who have access to the elements of the system linked to their duties to be present so that the full system was demonstrated. Score A

Performance change since a previous PEFA assessment:

591. Appropriate segregation of duties is prescribed through the entire expenditure process. Responsibilities are clearly laid down. Score A

592. There is no change in the score since the previous PEFA.

25.2 Effectiveness of expenditure commitment controls

593. *Dimension 25.2 assesses the effectiveness of expenditure commitment control*s.

Performance level and evidence for scoring:

[70] There are many presentations of UzASBO to be found on the internet such as https://www.youtube.com/watch?v=O4JfWNiYlzk
[71]https://invoice.uzasbo.uz/

594. The GFMIS software system has a commitment control module where commitments are entered for the period based on cash flow projections (see PI-21). Once a commitment has been made, this is entered into the database and the available commitment for that period is reduced accordingly. Commitment in excess of what is available cannot be entered as the system will not accept the entry and rejects it automatically. Score A

Performance change since a previous PEFA assessment:

595. Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations through the GFMIS. Score A

596. There is no change in the score since the previous PEFA.

25.3. Compliance with payment rules and procedures

597. *Dimension 25.3 assesses the extent of compliance with the payment control rules and procedures based on available evidence*.

Performance level and evidence for scoring:

598. Resolution of the President of the Republic of Uzbekistan of February 14, 2022, No. PP-128 "About further increase in expense efficiency of the Government budget of the Republic of Uzbekistan and enhancement of activities of bodies of the state financial control" created the inspection of the state financial control based on Department of the State Financial Control under the Ministry of Economy. Resolution of the CoM of March 24, 2022, No. 129 "About measures for the organization of activities of Inspection of the state financial control under the Ministry of Finance and to enhancement of financial control in state-financed organizations" approves the structure of the central office of Inspectorate and standard structure of territorial administrations. The CoM Resolution of August 5, 2022, No. 431 further elaborates:

- status and foundations of the organization of activities, task and function, and also right and responsibility of inspection;
- carrying out by Inspectorate together with state-financed organizations of system scheduled maintenance on ensuring compliance with the budget legislation;
- increase in efficiency of activities by active support of remote control and use of information technologies;
- implementation of financial control of observance of the requirements established by acts of the legislation in case of public procurements;
- taking measures to the prevention of corruption and other violations of the law in system of Inspection, and also their identification, the analysis and elimination of the factors promoting them;
- bringing to the general public data on activities of Inspection and reports on results of control actions;

The unit provides information on risks to state financial control, Chamber of Accounts, prosecutor's agency etc. The risks and procedures are adopted by the order #48 of the Head of the Treasury, dated September 4, 2023. The monthly report is sent to the Head of Treasury and the Minister of Finance. The report is for internal use only.

599. The State Treasury demonstrated an audit trail to the Assessment Team which showed that any transaction is traceable. This demonstration showed who entered the system, date and time, who approved and third level approval – names and exact times. The demonstration showed that all payments are compliant with regular payment procedures with full authorization embedded in the system. There is no evidence of adverse opinion on the compliance with payment rules and procedures by entities responsible for scrutiny of public finances. Score A

Performance change since a previous PEFA assessment:

600. Strict internal control exists on financial transactions ensuring compliance with payment rules which is very high and any misuse or errors in payment procedures is insignificant. Score A

601. There is no change in the score since the previous PEFA.

PI-26. Internal audit

602. **What does PI-26 measure?** This indicator assesses the standards and procedures applied in internal audit. Coverage is CG at time of assessment for PI-26.1 and 26.2, for the last completed fiscal year. 2023 for PI-26.3, and for PI-26.4, for audit reports that should have been issued in the last three fiscal years, 2021, 2022 and 2023. This indicator uses the **M1 (WL)** method for aggregating dimension score.

Methodological notes:

603. Meetings were held with Central Harmonization Unit (CHU) in the MOEF and the Internal Audit Department of the Tax Committee. All data relating to the indicator was requested and supplied by CHU covering number of internal audits, nature of audits and standards applied, implementation of planned audits and recommendations implemented.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-26. Internal audit (M1)		**B+**	**D+**
26.1. Coverage of internal audit	The Internal Audit function has been extended to 30 out of the 32 Ministries and Agencies covering 85.2% of expenditures and revenue.	B	B

26.2. Nature of audits and standards applied	Internal audits are focused on the adequacy and effectiveness of internal controls with an effective quality assurance process in place that meet professional standards and a focus on risk.	A	C
26.3. Implementation of internal audits and reporting	Annual audit programs exist and in 2023 86% were completed although a further 576 unplanned audits were also conducted. Audit reports are distributed to the appropriate parties.	B	D
26.4. Response to internal audits	Over the 2021 to 2023 period 93.5 per cent of recommendations made have been acted upon.	A	D

Detailed description of the country PFM system for the assessed performance indicator:

604. Uzbekistan has moved away from a Financial Inspection Control structure to an Internal Audit system of assessment. Since the previous PEFA in 2020 - based on the PEFA assessment, the directions for the development of internal audit in the Strategy, approved by Resolution of CoM #-506 dated August 24, 2020, were determined. In 2021: - (RP-4938, 12/30/2020) The assessment of target indicators was entrusted to internal audit and it was decided to organize internal audit services in the ministries in which target indicators were identified; - work has begun with international consultants to improve the internal audit and internal control system (Resolution of CoM #-668, 10.30.2020, PWC (within the framework of the IBL project)) (https://lex.uz/docs/5074562) (1 appendix, component 1.4); - the portal "State Audit" (davlatauditi.uz) was launched, on which the plans of internal audit services and the results of audit activities are maintained (DP-6300, 08/27/2021, maintained by the Accounts Chamber) (https://lex.uz/docs/ 5607474).

605. In 2022: - (PP-128, 02/14/2022) a Department (CHU) was created, which is engaged in methodological support, certification, training of internal audit services, as well as the study, analysis and evaluation of their activities; - a model charter on internal audit was approved (Resolution of CoM #-416, 08/01/2022) (https://lex.uz/docs/6136910); - a system of audit with the participation of citizens was launched (Resolution of CoM #-326, 06/01/2022) (https://lex.uz/docs/6059068); - National Internal Audit Standards were approved (3394, October 24, 2022) (https://lex.uz/docs/6251620); - the Internal Audit Guidelines were approved (3406, 12/27/2022) (https://lex.uz/docs/6329874).

606. In 2023: - certification of employees of the internal audit service has begun (Resolution of CoM #-62, 02/13/2023) (today, about 98% of employees of the internal audit service have been certified) (https://lex.uz/docs/6382777); - an assessment of internal audit services has been launched (Resolution of CoM #-377, 08/14/2023) (The assessment will be carried out in 2024) (https://lex.uz/docs/6568661);

Recent or ongoing reform activities:

607. Plans for 2024 cover the approval of the law on internal audit (a bill on amendments and additions to the Budget Code); - improvement of the system of certification of employees of internal audit services (changes and additions to Resolution of CoM #-62); - development of a concept for improving internal control in the public sector and guidelines for organizing internal control in ministries

and departments (together with PWC); - approval of key performance indicators (KPI) of the internal audit service and its employees; - development of a procedure for organizing the internal audit service in ministries and departments; and-organization of assessment of the activities of internal audit services in ministries and departments.

26.1. Coverage of internal audit

608. *Dimension 26.1 assesses the extent to which government entities are subject to internal audit at the time of assessment.*

Performance level and evidence for scoring:

Table 26.1: Coverage of internal audit (At time of assessment)

	Budget, Bln UZS	Revenue Bln UZS
Ministries with internal audit functioning		
Ministry of Justice	1,467,247.9	
Ministry of Youth Policy and Sports	1,997,325.6	
Ministry of Economy and Finance. o.w.	152,634,556.3	9,394,274.2
Pension Fund	45,529,268.2	
Entrepreneurship Support Fund	196,943.3	
Public Debt Service Guarantee Fund	138,253.1	
Road Development Fund	520,643.0	
Water Supply and Sewage Development Fund	189,820.1	
Ministry of Investment, Industry and Trade	1,415,459.1	
Ministry of Employment and Poverty Reduction	2,767,073.5	
Ministry of Agriculture	3,866,698.6	
Ministry of Construction and Housing and Communal Services	2,562,570.5	
Ministry of Culture	1,777,576.8	
Ministry of Preschool and School Education	42,312,778.5	
Ministry of Higher Education, Science and Innovation	14,352,539.1	
Ministry of Digital Technologies	1,773,000.1	
Ministry of Health	13,369,872.7	
Ministry of Water Resources	4,283,742.8	
Ministry of Mines and Geology	1,572,679.8	
Ministry of transportation	6,622,316.8	
Ministry of Ecology, Environmental Protection and Climate Change	1,223,906.1	
Tax Committee	2,278,480.4	165,918,224.3
Customs Committee	14,151.1	56,408,759.6
Committee for the Development of Competition and Protection of Consumer Rights	60,156.7	
State Asset Management Agency	3,124,335.2	
Uzbek Agency for Technical Regulation	40,517.2	
State Statistics Agency	196,634.8	
Cadastre Agency		
Agency of Information and Mass Communications	457,504.2	

Anti-Corruption Agency	76,290.3	
National News Agency	37,419.6	
National Social Protection Agency	1,310,264.5	
National Television and Radio Company of Uzbekistan	478,380.7	
Academy of Sciences	631,809.3	
Center for Spirituality and Enlightenment	66,984.9	
Total	262,772,273.0	231,721,258.1

Source: Central Harmonisation Unit

609. The Internal Audit function has been extended to 30 out of the 32 Ministries and Agencies listed in Table 26.1 covering 86.1 % of expenditures in P1-1 and 85.2% of revenues in PI-3. Overall, this represents 85.7% of total central government expenditures and revenues. Score B

Performance change since a previous PEFA assessment:

610. Internal audit functions started only in 2017. Internal audit is operational for six entities (81%) representing most total budgeted expenditure and for one entity (84%) collecting most budgeted government revenue. Score B

611. The coverage of internal audit has been extended to 30 entities compared to 6 in the previous PEFA.

26.2. Nature of audits and standards applied

612. *Dimension 26.2 assesses the nature of audits performed and the extent of adherence to professional standards at the time of assessment.*

Performance level and evidence for scoring:

613. In the regulations on the internal audit service of ministries and departments, internal audit services include: (a) strengthening budget discipline, (b) preventing violations of legal documents/legislation, (c) increasing the efficiency and effectiveness of budget expenditures, (d) studying and improving the efficiency use of information technology. Tasks (a) and (b) are aimed at improving the effectiveness of the internal control system by studying and assessing compliance with regulatory documents. The main focus is on assessing the efficiency and effectiveness of budget expenditures. However, performance audits have been started with internal audit services also evaluating the implementation of target indicators of budget programs of ministries and departments which are covered by tasks (c) and (d).

614. Planned audits are based on a reason of risks based on a risk assessment carried out by the internal audit units. As well as planned audits, there are unplanned audits which are based on the operative information/risks provided by Treasury, Chamber of Accounts, state finance control department or other sources. However, if the state finance control department or prosecutor's office starts an investigation then an internal audit would not be conducted.

615. The CHU is responsible for quality assurance and is independent of the IA units in all ministries. While the CHU is located in the MOEF its operations are in line with International Internal Audit standards regulating external quality assurance. The key activities of the Central Harmonization Unit supporting IA development at ministries and agencies are

- Coordination of IA functions and reports generation
- Identification and prevention of systemic risks for IA system in the public sector
- Regulatory and methodological support
- Implementation of Information and communications technology in IA
- Arrangements for IA certification and training

616. The procedure for ensuring the quality of internal audit services is provided for by national internal audit standards. According to this provision, the internal assessment of the Internal Audit Service is carried out by the head of the Internal Audit Service and includes continuous monitoring and periodic evaluation. Continuous control is carried out through regular activities related to planning internal audit activities and monitoring their implementation, reviewing documents related to internal audit activities, as well as monitoring the implementation of the action plan.

617. Periodic assessment of the activities of the internal audit service is carried out on the basis of assessment of compliance with standard and regulatory documents related to the activities of internal audit, as well as an analysis of the opinions expressed by the objects of internal audit on the results of internal audit activities.

618. In addition, in order to ensure the quality of internal audit activities, the Ministry of Economy and Finance conducts an external assessment in accordance with the Resolution of the Cabinet of Ministers dated August 14, 2023, No. 377. This assessment is carried out in order to ensure compliance of the activities of internal audit services with regulatory documents related to internal audit and to improve the activities of the internal audit service.

619. Internal audits are focused on the adequacy and effectiveness of internal controls with an effective quality assurance process in place that meet professional standards and a focus on risk. Score A

Performance change since a previous PEFA assessment:

620. Internal audit activities are primarily focused on financial compliance. The current practice of internal audit does not follow international standards and there is little or no internal audit focused on systems monitoring. Score C

621. The scope of internal audit activities has been extended beyond financial compliance.

26.3. Implementation of internal audits and reporting

622. *Dimension 26.3 assesses specific evidence of an effective internal audit (or systems monitoring) function as shown by the preparation of annual audit programs and their actual implementation including the availability of internal audit reports in 2023.*

Performance level and evidence for scoring:

Table 26.3: Implementation of internal audits and reporting (Last completed fiscal year)

Ministry, Department or Agency covered	Internal Audit unit in charge	Existence of an annual program (Y/N)	Completed audits as share of programmed audits	Audit report completed and distributed to appropriate parties (Y/N)	Comments
All	Ministry IA Unit / CHU	Y	831 completed 963 planned	Y	While only 86% of planned audits were completed a further 576 unplanned audits were carried out

Data source: CHU

623. In accordance with national internal audit standards, the internal audit service develops an annual internal audit plan for one calendar year. This plan is approved by the head of the ministry and department. The annual internal audit plan includes a list of audit activities to be carried out during the year, the period of audit activity, the period covered by audit activity, as well as information about the responsible persons. The annual plan is developed on the basis of risk analysis in the manner established in the instructions for conducting an internal audit.

624. Ministries and agencies submit a quarterly and annual report to the CHU on the activities of the internal audit service following resolution of CoM #416. In accordance with national internal audit standards, based on the results of each audit activity, two copies of the report are prepared with one copy stored in the audited entity. The report includes the results of audit activities, analyses, observations, proposals and recommendations, an action plan for the implementation of proposals and recommendations, as well as opinions and comments provided by the subject of the internal audit.

625. Annual audit programs exist and in 2023 86% were completed although a further 576 unplanned audits were also conducted. Audit reports are distributed to the appropriate parties. Score B

Performance change since a previous PEFA assessment:

626. Reports are issued regularly for most audited government entities, but the percentage of implementation of the Annual Audit Plans cannot be determined. Score D

627. There has been a significant improvement in the planned and unplanned audit coverage since the previous PEFA. The score in the previous PEFA may well have been D* rather than D.

26.4. Response to internal audits

628. *Dimension 26.4 assesses the extent to which action is taken by management on internal audit findings from audits reports issued in 2021, 2022 and 2023.*

Performance level and evidence for scoring:

629. Based on national internal audit standards, the internal audit service indicates in its reports all proposals and recommendations aimed at improving the financial performance of the audited entity. The audited entity is required to approve the action plan for the implementation of these proposals and recommendations. The action plan includes proposals and recommendations, their implementation and timing, information about the person responsible. The action plan is attached to the audit report. The audited entity provides quarterly information to the internal audit service on the implementation of proposals and recommendations of the action plan. The internal audit service monitors the implementation of the action plan.

Table 26.4 Implementation of proposals and recommendations made as a result of internal audit measures based on the annual plan

	Ministry and Agency	2021		
		Recommendations	Implemented	(%)
1	Ministry of Public Education	102	86	84.3%
2	Ministry of Pre-school education	62	57	91.9%
3	Ministry of Higher and Secondary Special Education	112	105	93.7%
4	Ministry of Health	114	108	94.7%
5	Off-budget pension fund	7	7	100.0%
	Total	**397**	**363**	**91.4%**
		2022		
1	Ministry of Public Education	293	260	88.7%
2	Ministry of preschool education	240	204	85.0%
3	Ministry of Higher and Secondary Special Education	200	200	100.0%
4	Ministry of Health	174	157	90.2%
5	Ministry of Innovative Development	6	6	100.0%
6	Ministry of Housing and Communal Services	14	14	100.0%
7	Ministry of Agriculture	154	132	85.7%
8	Water Ministry	13	13	100.0%
9	Ministry of Sports Development	421	421	100.0%
10	Ministry of Employment and Labor Relations	88	81	92.0%
11	Ministry of Construction	2	2	100.0%
12	Ministry of Justice	16	16	100.0%
13	Ministry of Economic Development and Poverty Alleviation	90	90	100.0%
14	State Committee of Forestry	23	18	78.3%
15	State Committee for Veterinary and Animal Husbandry Development	5	5	100.0%
16	Anti-Monopoly Committee	23	23	100.0%
17	State Statistics Committee	30	30	100.0%
18	State Tax Committee	81	80	98.8%
19	Road Committee under the Ministry of Transport	788	788	100.0%
20	State asset management agency	24	24	100.0%
21	"Uzarkhiv" agency	5	5	100.0%
22	Plant Quarantine and Protection Agency	2	2	100.0%

23	Youth Affairs Agency	14	13	92.9%
24	Off-budget pension fund	310	310	100.0%
25	State medical insurance fund	83	83	100.0%
26	Public Works Fund under the Ministry of Employment and Labor Relations	6	6	100.0%
27	Hydrometeorological service center	6	6	100.0%
28	Academy of Sciences	9	8	88.9%
	Total	**3120**	**2997**	**96.1%**
No.	2023			
1	Ministry of Economy and Finance	9	8	89%
2	Ministry of Employment and Poverty Reduction	40	40	100%
3	Ministry of Agriculture	14	7	50%
4	Ministry of Water Resources	28	17	61%
5	Ministry of Construction and Housing and Communal Services	6	3	50%
6	Ministry of transportation	5	3	60%
7	Ministry of Digital Technologies	6	6	100%
8	Ministry of Ecology, Environmental Protection and Climate Change	3	3	100%
9	Ministry of Health	97	50	52%
10	Ministry of Preschool and School Education	62	62	100%
11	Ministry of Higher Education, Science and Innovation	190	189	99%
12	Ministry of Youth Policy and Sports	98	40	41%
13	Ministry of Culture	11	10	91%
14	Ministry of Justice	13	13	100%
15	Tax Committee	87	87	100%
16	Customs Committee	10	10	100%
17	Committee for the Development of Competition and Protection of Consumer Rights	4	4	100%
18	Cadastre Agency	2	2	100%
19	State Asset Management Agency	8	8	100%
20	National News Agency of Uzbekistan	1	1	100%
21	Statistics Agency	14	13	93%
22	Agency of Information and Mass Communications	45	45	100%
23	Off-budget Pension Fund	82	82	100%
24	State Health Insurance Fund	128	128	100%
	Total	**963**	**831**	**86%**
	Grand Total	**4,480**	**4,191**	**93.5%**

Source: CHU

630. Table 26.4 shows that over during 2021-2023 93.5 per cent of recommendation made have been acted upon. Applying the data from Table 26.1 to the information in Table 26.1 the implemented recommendations amount to 95% of the total made based on expenditure and revenue materiality. While no equivalent data are available for 2021 and 2022 a visual inspection indicates that the materiality would be above 90%. Score A

Performance change since a previous PEFA assessment:

631. Action by management on internal audit findings is taken rapidly but the percentage of management response to all entities audited cannot be determined. Score D

632. There has been an improvement in the score as response rates are determined. The score in the previous PEFA may well have been D* rather than D.

PILLAR SIX: Accounting and reporting

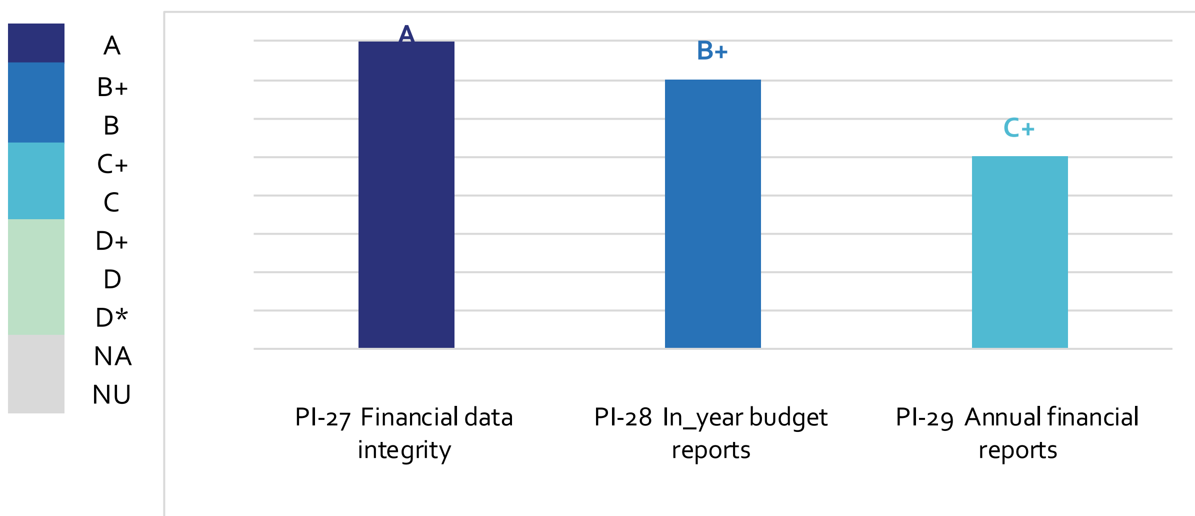
What does Pillar VI measure? Accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.

Overall performance: Analysis of key strengths and weaknesses

633. Pillar VI encapsulates the strengths of Pillar V in terms of integrity embodied in the processes and procedures that have been developed for linking the budget that has been passed to its execution for all categories of classification. Nevertheless, these strengths have been diminished slightly by not fully delivering outputs in as timely a manner as possible and using all information in in-year budget execution reports with reporting on a quarterly basis by payment only. The adoption of international accounting standards in translating the expenditure and revenue data into the financial statements can be considered work in progress although the inclusion of assets (both financial and non-financial) is a sign of the progress that is being made.

634. Overall, the indicator score for the pillar has a median score of B+ as shown in the chart.

Figure PILLAR SIX: Accounting and Reporting



PI-27. Financial data integrity

635. **What does PI-27 measure?** This indicator assesses the extent to which treasury bank accounts, suspense accounts, and advance accounts are regularly reconciled and how the processes in place support the integrity of financial data. Coverage is CG for PI-27.1 and BCG for PI-27.2, 27.3 and 27.4. Time period is at time of assessment for all four dimensions, specifically covering the preceding fiscal year, 2023 for PI-27.1, 27.2 and 27.3. This indicator uses the **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

636. Treasury software was observed during a demonstration of its working process, documentation was assessed, meetings were held with MOEF, Treasury Committee and budgetary organizations.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-27. Financial data integrity (M2)		**A**	**B**
27.1. Bank account reconciliation	Treasury Committee reconciles accounts both on an aggregate and detailed level with the Central Bank on the daily basis. Mismatches are cleared within one day.	A	D
27.2. Suspense accounts	No suspense accounts exist.	NA	B
27.3. Advance accounts	Advances are reconciled and cleared monthly. Advances on procurement contracts are withheld from subsequent payments on a pro rata basis.	A	A
27.4. Financial data integrity processes	Access to records and changes are strictly controlled by the Center of Information Technology. All changes are recorded and leave a traceable audit trail.	A	B

Detailed description of the country PFM system for the assessed performance indicator:

637. The Treasury Single Account is operational and covers all budgetary agencies, EBUs and SOEs. Daily reconciliation of accounts is done with the Central Bank, both in aggregate and detail level. No suspense accounts exist. Advance payments are reconciled and cleared monthly.

638. High standard of data integrity is presented. Access to records and changes are strictly controlled according predefined roles and responsibilities of individual positions. Changes are recorded and leave a traceable audit trail. Center of Information Technology is responsible unit for granting/restricting and controlling access to GFMIS.

Recent or ongoing reform activities:

639. Treasury Single Account coverage has increased to foreign exchange accounts, EBUs and SOEs since 2019. This allowed treasury to reconcile Central Government accounts on a daily basis. Transit accounts are cleared the same day.

640. The Center of Information Technology was designated as the agency managing and controlling access to and changes to records.

27.1. Bank account reconciliation

641. *Dimension 27.1 assesses the regularity of bank reconciliation at the time of assessment covering 2023.*

Performance level and evidence for scoring:

Table 27.1: Bank account reconciliation (At time of assessment, covering the preceding fiscal year)

Category of bank account	Reconciled (Y/N)	Frequency of reconciliation	Timeframe for reconciliation	Aggregate and detailed level (Y/N)
Treasury Single	Y	Daily	One day	Y

Data source: *Physical observation of GFMIS working process by the assessment team, Government Decree #329, November 20, 2020*

642. The Treasury Single Account coverage increased since 2019. TSA covers all budgetary and extra-budgetary units of the central government.[72] All revenues are transferred directly to TSA and all spending is done from TSA.

643. The Treasury Committee reconciles accounts both on aggregate and details level with the Central Bank on the same day. The Central Bank sends a reconciliation file (termed "End-file") to the Treasury at the end of each day (after 5pm). The Treasury compares the file records to its own records. All irregularities have to be reconciled even down to 1 UZS. Score A

Performance change since a previous PEFA assessment:

644. Bank reconciliation for all central government bank accounts in the TSA at the CBU takes place daily. The State Tax Authority bank accounts held in commercial banks are reconciled monthly within a week of the end of the period, but the remaining bank accounts, which account for more than 10% of the budget, are reconciled manually and the results of the reconciliations are not reported to the MoF to take action to reconcile any differences with the responsible entity. Score D

645. There is a significant improvement in the score from D to A. TSA has now covered all revenue collecting agencies, EBUs and SOEs accounts since 2019. The TSA daily reconciliation covers all central government accounts and is the reason for the improvement.

27.2 Suspense accounts

646. *Dimension 27.2 assesses the extent to which suspense accounts, including sundry deposits/liabilities, are reconciled on a regular basis and cleared in a timely way at the time of assessment covering 2023.*

Performance level and evidence for scoring:

Table 27.2: Suspense accounts (At time of assessment, covering the preceding fiscal year)

Type of suspense account	Frequency of reconciliation	Timeframe for reconciliation	Timeframe for clearance
TSA transit account	Daily	One day	One day

Data source: *Physical observation of GFMIS working process by the assessment team, Government Decree #329, November 20, 2020*

647. TSA covers all central government accounts. Transit accounts are cleared on the same day. There are no suspense accounts in the system. Score NA.

[72] Except some UFRD accounts which does not impact on materiality.

Performance change since a previous PEFA assessment:

648. Reconciliation of suspense accounts takes place at least quarterly within one month from the end of each quarter. Score B

649. There is improvement in accounts management since 2019 and as a result there are no longer suspense accounts.

27.3. Advance accounts

650. *Dimension 27.3 assesses the extent to which advance accounts are reconciled and cleared at the time of assessment covering 2023.*

Performance level and evidence for scoring:

Table 27.3: Advance accounts (At time of assessment, covering the preceding fiscal year)

Type of advance account	Frequency of reconciliation	Timeframe for reconciliation	Timeframe for clearance
Salary advances	Monthly	Month	Month
Business trips	Monthly	Month	Month
Procurement	Monthly	Month	Pro rata, withheld against subsequent payments

Data source: *Physical observation of GFMIS working process by the assessment team, Government Decree #329, dated November 20, 2020; Government Decree #241 dated August 24, 2011*

651. There is no module in GFMIS for advance account reconciliations. Salary and business trip advances are reconciled and cleared manually on a monthly basis. Procurement advances are regulated by Government Resolution #241 dated August 24, 2011. Procurement advances are withheld from the remaining interim/final payments on pro rata basis using UzASBO system. At the end of any procurement process all advances are cleared automatically. Score A

Performance change since a previous PEFA assessment:

652. Reconciliation of advance accounts takes place at least monthly, within a month from the end of each month. Score A

653. There is no change since the previous PEFA

27.4. Financial data integrity processes

654. *Dimension 27.4 assesses the extent to which processes support the delivery of financial information and focuses on data integrity defined as accuracy and completeness of data (ISO/IEC, International Standard, 2014) at the time of assessment.*

Performance level and evidence for scoring:

655. The process and procedures for IT ensures financial data integrity. UzASBO users have individual login and passwords, digital keys that allows only authorized login to the system. Roles (access level,

authorities etc.) for each position are predefined in detail by Order of the Minister of Finance and strictly followed. Individual authorizations are granted and cancelled by the Center of Information Technology based on the appointment document (new appointment, change of position, quitting the job) and the predefined roles.

656. The IT system generates an audit trail that is supervised regularly by Treasury IT department and the Center of Information Technology. Score A

Performance change since a previous PEFA assessment:

657. The GFMIS systems generates audit trail, which is supervised regularly by the IT department. However, a specific control entity is not in place yet. Score B

658. The special authorization and control unit, Center of Information Technology, became operational since the 2019 assessment. The Center supervises the system and is the factor for the score improvement.

PI-28. In-year budget reports

659. **What does PI-28 measure?** This indicator assesses the comprehensiveness, accuracy and timeliness of information on budget execution. In-year budget reports must be consistent with budget coverage and classifications to allow monitoring of budget performance and, if necessary, timely use of corrective measures. Coverage is BCG for the last completed fiscal year, 2023. This indicator uses the **M1 (WL)** method for aggregating dimension scores.

Methodological notes:

660. Relevant documentation was examined, meetings were conducted with Ministry of Economy and Finance and Chamber of Accounts.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-28. In-year budget reports (M1)		**B+**	**C+**
28.1. Coverage and comparability of reports	Classification of data allows direct comparison to the original budget. All budget items are covered.	A	A
28.2. Timing of in-year budget reports	Quarterly budget execution reports are developed within four weeks after quarter ends	B	C
28.3. Accuracy of in-year budget reports	There are no material concerns regarding data accuracy. Quarterly budget execution reports present comprehensive analysis. Information on expenditures are presented at payment stage.	B	C

Detailed description of the country PFM system for the assessed performance indicator:

661. Budget reporting is regulated by Articles 165 and 166 of the Budget Code. GFSM 2014 manual compatible classification is used in Uzbekistan. Administrative, economic and functional classifications (3 digits) are used for all stages of budget process: budget formulation, execution and reporting. Approved classification is used in all central government operations. Budget reports allow direct comparison of actual and original budgeted amounts.

662. Deadlines for the submission of (consolidated) financial statements by budgetary organizations and recipients of budgetary funds are defined by the Order of the Minister of Finance "On approval of the budget accounting standard of the Republic of Uzbekistan (SBU No. 3) "Budget reporting" (MJ reg. No. 3124) (https://lex.uz/uz/docs/4176115).

663. The Ministry of Economy and Finance develops monthly budget execution report for internal use only. Monthly reports contain limited, more aggregated level information. Quarterly budget execution reports are comprehensive, present detailed information, provide analysis, and allow comparison with the original budget. They are submitted to Parliament and published on the website. Data in budget execution reports are accurate.

Recent or ongoing reform activities:

664. GFSM 2014 manual compatible classification is used in Uzbekistan. The instruction on budget classification (reg. № 2146) was updated in 2019 with the addition of income categories, such as receipts from taxes (some since abolished), additional income lines for other income (for example, income from residents and non-residents, from other sectors of the government, income from the sale of non-financial assets in greater detail) etc. The revised classification also updated expenditure lines and economic classification (spending on financial assets and liabilities) in accordance with the GFS guidelines.

28.1. Coverage and comparability of reports

665. *Dimension 28.1 assesses the extent to which information is presented in in-year reports and in a form that is easily comparable to the original budget.*

Performance level and evidence for scoring:

666. GFSM 2014 manual compatible classification is used in Uzbekistan. Administrative, economic and functional classifications (3 digits) are used for all stages of budget process: budget formulation, execution and reporting. Classification of data allows direct comparison to the original budget. All budget items (revenues, expenditure, sources of financing) are covered. Score A

Performance change since a previous PEFA assessment:

667. Classification of data allows comparison to original budget for all items of expenditure. Score A

668. There is no change since the previous PEFA

28.2. Timing of in-year budget reports

669. *Dimension 28.2 assesses whether this information is submitted in a timely manner and accompanied by an analysis and commentary on budget execution.*

Performance level and evidence for scoring:

Table 28.2: Timing of in-year budget reports (2023)

Frequency of preparation	Actual date of issuance
Q1 2023 report	April 23, 2023
Q2 2023 report	July 22, 2023
Q3 2023 report	October 23, 2023

Data source: *https://api.mf.uz/media/menu_attachments/2023_yil_1_chorak_budjet_ijrosi.pdf; https://api.mf.uz/media/menu_attachments/2023_yil_6-oylik_budjet_ijrosi.pdf; https://api.mf.uz/media/menu_attachments/2023_yil_9_oylik_budjet_ijrosi.pdf*

670. The Ministry of Economy and Finance develops monthly budget execution reports for internal use only. Monthly reports are developed within a 10-day period after the end of each month. Monthly reports are more aggregate. Monthly reports are not comprehensive and do not present comparison with original budget (as defined in 28.1). Contrary, quarterly budget execution reports are comprehensive and meet requirements for PI 28.1. Quarterly reports are submitted to the Parliament and are published.

671. Quarterly budget execution reports were examined. Quarterly budget execution reports are developed within 23 days after quarter-end. Score B.

Performance change since a previous PEFA assessment:

672. Budget execution reports are prepared quarterly and issued within eight weeks from the end of each quarter. Score C.

673. The less time taken to issue the quarterly reports has increased the score to B.

28.3. Accuracy of in-year budget reports

674. *Dimension 28.3 assesses the accuracy of the information submitted, including whether expenditure for both the commitment and the payment stage is provided.*

Performance level and evidence for scoring:

675. According to annual reports of Chamber of Accounts, there are no material concerns regarding data accuracy. Quarterly budget execution reports present comprehensive analysis. Information on expenditures is presented at payment and original budgeted (plan) stage. Commitment stage information is not presented at the reports. Score B.

Performance change since a previous PEFA assessment:

676. There are no major concerns regarding data accuracy. Problems about data are not mentioned in reports, but they seem to be insignificant. Data on expenditure is provided at the payment stage. Analysis is made quarterly. Score C

677. It is likely that the previous PEFA should have been scored B given the summary, so technically there may have been no change as there are no material concerns and information on expenditures are presented at payment and original budgeted (plan) stage in both PEFAs.

PI-29. Annual financial reports

678. **What does PI-29 measure?** This indicator assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards. This is crucial for accountability and transparency in the PFM system. Coverage is BCG for the last completed fiscal year, 2023 for PI-29.1, the last annual financial report submitted for audit for PI-29.2, and the last three years' financial report for PI-29.3. The indicator uses the **M1 (WL)** method for aggregating dimension scores.

Methodological notes:

679. The documentation was examined; sample annual financial reports were assessed. Meetings were held with the Ministry of Economy and Finance.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-29. Annual financial reports (M1)		**C+**	**D+**
29.1. Completeness of annual financial reports	Annual financial report contains information on revenues and expenditures, cash flow statement, financial assets, non-financial assets, short- and long-term liabilities. Information of revenues and expenditure is compared against approved budget. There is no information on Guarantees.	C	D
29.2. Submission of reports for external audit	2023 Financial reports for budgetary central government were submitted to the Chamber of Accounts within four months after the end of the fiscal year.	B	B
29.3. Accounting standards	All financial reports are consistent with country's legal framework and ensure consistency. Some (28%) of IPSAS standards are incorporated in the national accounting standards. Information on applied standards is disclosed.	C	D

Detailed description of the country PFM system for the assessed performance indicator:

680. National Accounting Standards are applied to all budgetary institutions and ensure consistency of reporting over time. IPSAS standards have been incorporated into the National Standards with 14 standards applied as of January 1, 2024. An additional nine standards will be introduced in 2024–2025,

as planned and others up to 2030. Annual financial reports are comprehensive and contain information on revenues, expenditures, cash flow, assets and liabilities.

681. Consolidated annual financial reports are submitted to the Chamber of Accounts for its review and assessment annually, within four months after the end of the fiscal year.

Recent or ongoing reform activities:

682. In 2019, with the support of the Asian Development Bank, analyses and research were conducted to ensure the phased implementation of budget accounting in Uzbekistan according to International Financial Reporting Standards (IPSAS). Based on the results of analysis and research, a Roadmap for the implementation of international budget accounting standards (IPSAS) in the public sector for 2020-2030 has been developed.

683. Along with this, in the Action Plan approved by Resolution of the Cabinet of Ministers dated August 24, 2020, No. 506 “On approval of the Strategy for improving the public financial management system of the Republic of Uzbekistan for 2020 - 2024”, it is planned to develop measures for a phased transition to calculation using the accrual method (IPSAS). In accordance with it, an Action Plan has been developed for the gradual transition to the method of calculating budget accounts in the Republic of Uzbekistan.” The plan for these measures was approved by the Cabinet of Ministers on January 5, 2021 (No. 02/5-61).

684. In accordance with the action plan, an interdepartmental Commission for organizing compliance with international financial reporting standards in the public sector (IPSAS) is being created, and organizational and practical work is being carried out on data exchange between departments.

685. The plan of measures also includes the development of national standards for the budget accounting of the Republic of Uzbekistan based on international financial reporting standards in the Public Sector (IPSAS).

686. Along with this, work has been organized in the regions to improve the information system and also introduce national standards based on standard requirements adopted according to the action plan. In accordance with it, in December 2023, training sessions for accountants and responsible employees of budgetary organizations were held in the regions.

687. The main adopted standards are the Unified Chart of Accounts and Budget Reporting Standards. Work has now been completed on introducing the requirements and forms of these standards into the UzASBO software package, which has been used for all budget organizations from January 1, 2024.

29.1. Completeness of annual financial reports

688. *Dimension 29.1 assesses the completeness of the 2023 annual financial reports in terms of their coverage.*

Performance level and evidence for scoring:

Table 29.1: Completeness of annual financial reports (Last completed fiscal year)

Financial reports prepared annually (Y/N)	Comparable with approved budget (Y/N)	Content of annual financial reports (Y/N, specify when needed):						Reconciled cash flow statement (Y/N)
		Revenue	Expenditure	Financial assets	Tangible assets (and possibly other non-financial assets)	Liabilities	Guarantees and long-term obligations	
Y	Y	Y	Y	Y	Y	Y	Partly – Guarantees missing	Y

Data source: *2023 consolidated financial report*

689. Annual financial report contains information on revenues (attachment 6) and expenditures (attachment 2); cash flow statement (attachment 4); financial assets and short- and long-term liabilities (attachment 3), non-financial assets (attachment 5). Information of revenues and expenditure is compared against the approved budget. Information on Guarantees is presented in the statistical report (https://api.mf.uz/media/menu_attachments/K-MTUT_new.pdf). However, this cannot be considered as part of annual financial report. If the financial report contained information on Guarantees which are available, the score would be A. Given the absence of information on Guarantees the Score is C.

Performance change since a previous PEFA assessment:

690. Annual reports for budgetary central government are prepared annually and are comparable with the approved budget. They include information on revenue, expenditure, but not cash balances. Score D

691. The score has improved as the annual financial report contains information on revenues and expenditures; cash flow statement; financial and non-financial assets, short- and long-term liabilities, but not information on Guarantees.

29.2. Submission of reports for external audit

692. *Dimension 29.2 assesses the timeliness of submission of the last reconciled year-end financial reports for external audit as a key indicator of the effectiveness of the accounting and financial reporting system.*

Performance level and evidence for scoring:

Table 29.2: Submission of reports for external audit (Last annual financial report submitted for audit)

FY of the last financial report submitted for audit	Date of submission for external audit	Number of months after the end of the FY
2023	**April 5, 2024**	**Within 4 months**

Data source: *Letter from Cabinet of Ministers to the Chamber of Accounts #3/4-53*

693. The 2023 Financial reports for budgetary central government were submitted to the Chamber of Accounts within four months after the end of the fiscal year. Score B

Performance change since a previous PEFA assessment:

694. Financial reports for budgetary central government are submitted for external audit within six months of the end of the fiscal year. Score B

695. There is no change in the score.

29.3. Accounting standards

696. *Dimension 29.3 assesses the extent to which annual financial reports for 2021. 2022 and 2023 are understandable to the intended users and contribute to accountability and transparency.*

Performance level and evidence for scoring:

Table 29.3 Accounting standards (Last three years' financial reports)

Accounting standards applied to all financial reports				
Type of standard (International Standards/ Country framework)	**Consistency** (Most/ majority/ Consistent reporting over time)	**Disclosure of standards** (Y/N)	**Disclosure on variations** (Y/N)	**Gaps explained** (Y/N)
National/Some IPSAS	All 13 standards applied	Y	Y	Y

Data source: *Consolidated annual financial report and individual annual financial reports (4 samples of Centre of Communications under the President Administration, Higher Council of Judges of Uzbekistan, International Islam Academy, Information Agency of the Ministry of Foreign Affairs)*

697. IPSAS 1, 2, 3, 4, 5, 9, 11, 12, 13, 17, 27, 31, 35 standards[73] are applied. IPSAS 14, 19, 21, 22, 23, 26, 32, 34, 39 will be introduced during 2024-2025 according to the improvement plan. The others will be introduced gradually until 2030.

698. Four individual annual financial reports (as sample) and consolidated annual financial report over the three-year assessment period were assessed. All financial reports are consistent with country's legal framework and ensure consistency. Some (28%) of IPSAS standards are incorporated in the national accounting standards that are applied to the financial reports. Information of applied standards is disclosed in the notes of the financial statements. Score C

Performance change since a previous PEFA assessment:

699. Annual statements do not contain the disclosures of accounting policies such as full disclosures of financial assets and liabilities that are required by IPSAS standards. Score D

700. There is an improvement in the score as information of applied standards is now disclosed in the notes to the financial statements.

[73] https://old.lex.uz/docs/3083835; https://old.lex.uz/docs/4021369; https://old.lex.uz/docs/4176115; https://old.lex.uz/docs/4117494; https://old.lex.uz/docs/4124750; https://old.lex.uz/docs/4232855; https://old.lex.uz/docs/4165046; https://old.lex.uz/docs/4251351; https://old.lex.uz/docs/4386606; https://old.lex.uz/docs/4254464; https://old.lex.uz/docs/4275750; https://old.lex.uz/docs/4396695; https://old.lex.uz/docs/5936169; https://old.lex.uz/docs/6278928

PILLAR SEVEN: External scrutiny and audit

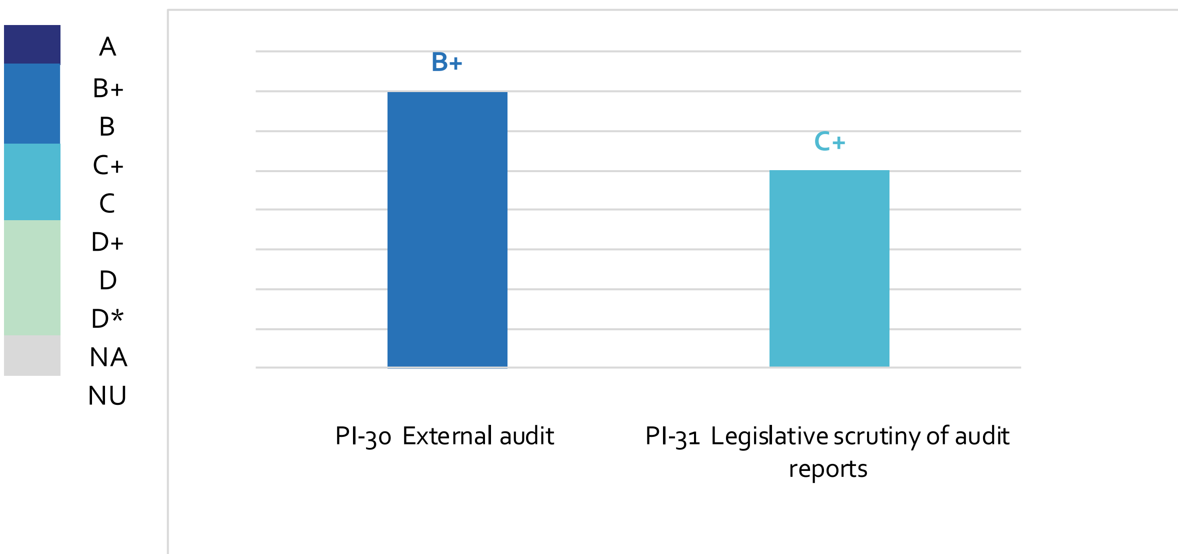
701. **What does Pillar VII measure?** Public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.

Overall performance: Analysis of key strengths and weaknesses

702. Pillar VII relates to two separate but connected organizations with respect to external audit and scrutiny. The Chamber of Accounts is responsible for conducting the external audit of the Government's financial reports. It also has the ability to conduct other types of audits such as performance audits, which is relevant to key performance indicators and expenditures relating to service delivery and compliance audits that are important for control in budget execution. The Chamber of Accounts applies international standards to its work and follows up on its recommendations. It has complete independence in the performance of its activities. The Chamber of Accounts carries out its financial audit in a timely manner and submits its report to the Legislature which in turn scrutinizes the report in a timely manner. The Legislature conducts hearings, which are open to the public, but it does not issue recommendation separate from those of the Chamber of Accounts.

703. Overall, the indicator score for the pillar has a B+ and a C+ as shown in the chart with some dimensions scoring A.

Figure PILLAR SEVEN: External Scrutiny and Audit



PI-30. External audit

704. **What does PI-30 measure?** This indicator examines the characteristics of external audit. Coverage is CG for the last three completed fiscal years, 2021, 2022 and 2023 for PI-30.1, 30.2, 30.3 and at time of assessment for PI-30.4. This indicator uses the **M1 (WL)** method for aggregating dimension scores.

Methodological notes:

705. Relevant reports, legislation and other documentation were examined. Meetings were held with representatives of the Chamber of Accounts and selected audited institutions.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-30. External audit (M1)		**B+**	**C+**
30.1. Audit coverage and standards	The Chamber of Account mandate covers most revenues, expenditures, assets and liabilities of all central government institutions. National standards based on ISSAI are used. Audit reveals relevant material issues and systematic and control risks	B	C
30.2. Submission of audit reports to the legislature	Audit reports were submitted to the Parliament within three months from receipt of the financial reports by Chamber of Accounts for the last three completed fiscal years.	A	A
30.3. External audit follow-up	Audited units effectively follow up on audit findings and recommendations during last three years.	A	B
30.4. Supreme Audit Institution independence	Independence from executive is ensured by the law. Independence is effective in relation of procedures of appointment and dismissal of the Chair, planning of audit engagements, arrangements for publicizing of reports, planning and the execution of CoA budget. CoA has unrestricted and timely access to records, documentation and information for all audited entities.	A	B

Detailed description of the country PFM system for the assessed performance indicator:

706. The Chamber of Accounts is the body responsible for audit and control on the usage of public expenditures, revenue collection, assets and liability management by public sector entities (central government, local government and SOEs). The Chamber of Accounts functions, responsibilities and operation procedures are defined by laws on the Chamber of Account and the Budget Code.

707. Audit standards for compliance, financial and performance audits were developed on the basis of International Standards of Supreme Audit Institution (ISSAI). Compliance, financial and effectiveness (performance) audits were introduced in 2023. Chamber of Accounts is a member of INTOSAI and ASOSAI.

708. The Chamber of Accounts develops mandatory reports on draft annual budget, the Fiscal Strategy document and budget execution report. The reports are submitted to the Parliament and are publicly available. The Chamber of Accounts publishes summary of findings of individual audit reports, its own quarterly and annual reports.

709. Independence of the Chamber of Accounts is ensured by the law, independence is effective. However, some areas may need further improvements.

Recent or ongoing reform activities:

710. Adoption of the Law of the Republic of Uzbekistan "On Chamber of Accounts" (enacted by the Legislative Chamber on May 18, 2019, approved by the Senate on June 21, 2019) became a key factor in strengthening the status and independence, expanding the powers and functions of the Chamber of Accounts.

711. In accordance with the Decree of the President of the Republic of Uzbekistan dated August 27, 2021, No.PD-6300 "On the further supervision of the state financial control system" and the establishment of the functional and financial independence of the Chamber of Accounts, after obtaining the status of a legal entity, the number of employees increased from 70 to 110 persons.

712. Audit standards for compliance, financial and performance audits were adopted in 2021. These standards were developed on the basis of International Standards of Supreme Audit Institution (ISSAI). Compliance, financial and effectiveness (performance) audits were introduced in 2023. The Chamber of Accounts became a full member of INTOSAI in 2021 and ASOSAI in 2022.

713. An annual audit program is developed based on distance control and risk analysis since 2022. Risk analysis is based on adopted risk standards and classification of risks levels. Audit period and coverage is defined based on identification and assessment of potential risks (operational risks, system risks, and internal audit and control risks) in the audited institution.

714. The Chamber of Accounts launched the audit software package in 2022. Annual programs, all state financial control activities carried out in budgetary organizations and other public entities are registered in the software, including audit activities/findings of internal audit units.

30.1. Audit coverage and standards

715. *Dimension 30.1 assesses key elements of external audit in terms of the scope and coverage of audit, as well as adherence to auditing standards in 2021, 2022, 2023.*

Performance level and evidence for scoring:

716. Audit standards for compliance, financial and performance audits were adopted in 2021. These standards were developed on the basis of International Standards of Supreme Audit Institution (ISSAI). Compliance, financial and effectiveness (performance) audits were introduced in 2023. The Chamber of Accounts became a full member of INTOSAI in 2021 and ASOSAI in 2022.

717. An annual audit program is developed based on distance control and risk analysis since 2022. Risk analysis is based on adopted risk standards and classification of risks levels. Audit period and coverage is defined based on identification and assessment of potential risks (operational risks, system risks, as well as internal audit and control risks) in the audited institution. Performed audits identified deviations and problematic issues that are reflected in audit findings.

Table 30.1 Number of audits by type

	2021	2022	2023
Financial audit	1	1	1
Compliance audit			5
Performance audit			15
Another type of audits (studies, control actions, combined)	53	59	53
Total	54	60	74
Revenue audits Bln UZS			
State budget	189,561.6	245,276.2	271,853.7
Audited amount	138,257.2	178,773.2	194,508.9
Coverage %	72.9%	72.9%	71.5%
Expenditure audits Bln UZS			
State budget	202,969.6	242,015.2	314,511.8
Audited amount	177,512.9	220,769.3	253,874.3
Coverage %	87.5%	91.2%	80.7%

Data source: *Chamber of Accounts*

718. The mandate of the Chamber of Accounts covers all revenues, expenditures, assets and liabilities of all central government institutions. National standards based on ISSAI are used. Audit reveals relevant material issues and systematic and control risks. Total audited revenues and expenditures in 2021-2023 were bln 1,163,695.8 UZS. Total actual revenues and expenditures for 2021-2023 were bln 1,466,188.1 UZS. The Chamber of Accounts average actual coverage is 79.4%. Score B

Performance change since a previous PEFA assessment:

719. The external audit covers all central government entities representing all total expenditures and revenue applying national standards in the fiscal years 2015, 2016 and 2017. Conclusions are made on the execution of the budget identifying weaknesses as well as outlining instructions for their rectification. The Chamber of Accounts report does not cover material issues and systemic and control risks. Score C

720. The audit coverage has increased since the previous PEFA.

30.2 Submission of audit reports to the legislature

721. *Dimension 30.2 assesses the timeliness of submission of the audit reports in 2021, 2022 and 2023 on budget execution to the legislature, or those charged with governance of the audited entity, as a key element in ensuring timely accountability of the executive to the legislature and the public.*

Performance level and evidence for scoring:

Table 30.2 Submission of audit reports to the legislature (Last three completed fiscal years)

Last three completed fiscal years	Fiscal year covered by the report	Dates of receipt of the financial reports by the audit office	Dates of submission of the financial audit reports to the legislature
2021	2020	April 5, 2021	May 10, 2021
2022	2021	April 5, 2022	May 10, 2022
2023	2022	April 15, 2023	May 31, 2023

Data source: *Cabinet of Ministers letters 02/1-347 dated April 5, 2021; 02/1-61 dated April 5, 2022; 13/1-439 dated April 15, 2023; Chamber of Accounts letters 13/1-258 dated 10.05.2021; 02-450 dated 10.05.2022; 02-436 dated 31.05.2023.*

722. Audit reports were submitted to the Parliament within three months from receipt of the financial reports by Chamber of Accounts for the last three completed fiscal years. Score A

Performance change since a previous PEFA assessment:

723. The audit reports are submitted to the legislature within forty days from the receipt of the financial reports by the Chamber of Accounts. Score A

724. There is no change in the score since the previous PEFA.

30.3. External audit follow-up

725. *Dimension 30.3 assesses the extent to which effective and timely follow-up on external audit recommendations or observations is undertaken by the executive or audited entity for 2021, 2022 and 2023.*

Performance level and evidence for scoring:

726. Audited institutions follow up on audit findings and recommendations. Comprehensive responses are done timely. Recommendation implementation rate is high and is evidence of effective follow-up. The Chamber of Account follows up and monitors implementation of the recommendations.

Table 30.3 Recommendations and follow up

	2021	2022	2023
Number of recommendations due	106	146	152
Number of implemented recommendations	75	127	133
Number of partly implemented recommendations	31	19	19
Implementation rate of recommendations %	71 %	87 %	88 %
Implementation rate of partly implemented recommendations %	29%	13%	12%

Data source: *Chamber of Accounts*

727. Audited units effectively follow up on audit findings and recommendations during last three years Score A.

Performance change since a previous PEFA assessment:

728. Instructions with a Roadmap of recommendations are issued by the Chamber of Accounts. The executive is obliged to implement and report on timely manner (usually within one month). There is formal response which is comprehensive. Follow-up audit to monitor implementation of audit recommendations is carried out in December following the completed and audited financial year. Score B

729. While it has been stated that formal comprehensive and timely reporting was carried out there was no information on the incidence of the follow-up or if the follow-up was effective in the previous PEFA assessment to substantiate the B score. The information between the two PEFA is not thus comparable.

30.4. Supreme Audit Institution independence

730. *Dimension 30.4 assesses at the time of assessment the independence of the SAI from the executive. Independence is essential for an effective and credible system of financial accountability, and should be laid down in the constitution or comparable legal framework.*

Performance level and evidence for scoring:

Table 30.4: Supreme Audit Institution independence (At time of assessment)

Element/ Requirements	Met (Y/N)	Evidence used/Comments
1.The SAI operates independently from the executive with respect to:		
- procedures for appointment and removal of the head of the SAI	Y	The Chairman of the Chamber of Accounts is appointed be the President of Uzbekistan to the position after the approval of the Senate of the Oliy Majlis of the Republic of Uzbekistan. (Law on Chamber of Accounts, article 12)
- the planning of audit engagements	Y	The Chamber of Accounts organizes its activities on the basis of an annual audit plan which is approved by the Chairman. Control activities and inquiries from the President of the Republic of Uzbekistan and Parliament are subject to mandatory inclusion in the annual audit plan. (Law on Chamber of Accounts, article 38)
- arrangements for publicizing reports	Y	Annual audit plan and annual report of Chamber of Accounts are published. Audit reports on the draft annual budget, Fiscal Strategy and budget execution report are published within 10 days after submission to the Cabinet of the Ministers. Chamber of Accounts provides quarterly information to media on their activities as well as summary of findings revealed during audits. (Law on Chamber of Accounts, article 9). Individual audit reports are not published – summary of findings are published at CoA website.
- the approval and execution of the SAI's budget.	Y	Annual budget of the Chamber of Accounts is developed by itself. The total amount of the budget of Chamber of Accounts cannot be reduced by the Government. The regulation is adhered to. (President decree #6300, line 5 of the attachment)
2. This independence is assured by law.	Y	Law on Chamber of Account, article 7
3. The SAI has unrestricted and timely access to records, documentation and information for:	Y	Law on Chamber of Account, articles 15, 18, 19, 30, 36. CoA operates a software that has unrestricted data access to different ministries databases
- all audited entities	Y	
- most audited entities		

- the majority of requested records		

Data source: *Law on Chamber of Accounts, LRU-546 dated July 1, 2019; Budget Code; Decree of President No.PD-6300 August 27, 2021; Chamber of Accounts*

731. The independence of Chamber of Accounts from executive government is ensured by the law. A new law on Chamber of Accounts #546 was adopted on July 1, 2019, and became effective since January 1, 2020. Independence is effective in relation of procedures of appointment and dismissal of the Chair of Chamber of Accounts, planning audit engagements, arrangements for publicizing of reports, and approval and execution of its budget. The Chamber of Accounts has unrestricted and timely access to records, documentation and information for all audited entities. Score A

Performance change since a previous PEFA assessment:

732. The Chamber of Accounts is independent from the executive for (i) appointment and removal of SAI Head, (ii) annual audit plan, (iii) the contents and publishing of the audit report and for (iv) the execution of its budget. The Chamber of Accounts has full and unrestricted access to records, documents and information for all audited entities. The law on the Chamber of Accounts is still in progress of approval at the time of previous PEFA assessment. Score B

733. The adoption of the new law on Chamber of Accounts (effective since 2020) was the factor for the score increase.

PI-31. Legislative scrutiny of audit reports

734. **What does PI-31 measure?** This indicator focuses on legislative scrutiny of the audited financial reports of the central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and take action on their behalf. Coverage is CG for the last three completed fiscal years, 2021, 2022 and 2023. This dimension uses the **M2 (AV)** method for aggregating dimension scores.

Methodological notes:

735. Meetings were conducted with Parliament. Relevant legislative documents were examined.

Summary table of scores:

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-31. Legislative scrutiny of audit reports (M2)		**C+**	**C**
31.1. Timing of audit report scrutiny	Financial audit reports on annual budget execution were reviewed by Parliament within two months period after the receipt of the reports during last three years.	A	A

31.2. Hearings on audit findings	With the exception of mandatory audit reports, other audit reports are submitted to the Parliament occasionally. Representatives of audited institution, Ministry of Economy and Finance and Parliament Committee take part in the Committee hearings.	C	C
31.3. Recommendations on audit by legislature	Parliament does not issue recommendations in relation to the Chamber of Accounts audit reports.	D	D
31.4. Transparency of legislative scrutiny of audit reports	All Parliament committee and plenary sessions (except sessions related to national security issues) are transmitted online. Committee reports are provided to the plenary session. Reports are published at parliament website.	B	D

Detailed description of the country PFM system for the assessed performance indicator:

736. The Parliament of Uzbekistan consists of two chambers: the Legislative chamber and the Senate. Parliament functions and responsibilities regarding budget system are regulated by the Budget Code (Articles 90' 97-98, 145, 167, 169), Legislative chamber regulation "Reglament" (Chapter 4, Articles 20-21, 31-33), Senate regulation "Reglament" (Chapter 4, Articles 16-17).

737. The Government submits annual budget execution report to Parliament by May 15. Chamber of Account submits its report on budget execution to Parliament by May 10. After Committee and political faction hearings, reports are presented at the plenary session of both chambers of Parliament.

738. Parliament approves the report by the adoption of resolutions. Annual budget execution report is published on Parliament website.

Recent or ongoing reform activities:

739. Parliament budget oversight function increased in accordance with the new constitution, adopted on May 1, 2023. In addition to previously defined functions of annual budget adoption and review of budget execution report, Parliament is responsible for hearings and review of quarterly budget execution reports as well. Detail procedures on budget (adoption of the draft and execution report) hearings were prescribed by the amendments into legislation (law # LRU-563 adopted on September 4, 2019, and law # LRU-909 adopted on February 19, 2024).

31.1. Timing of audit report scrutiny

740. *Dimension 31.1 assesses the timeliness of the legislature's scrutiny, which is a key factor in the effectiveness of the accountability function.*

Performance level and evidence for scoring:

Table 31.1: Timing of audit report scrutiny (Last three completed fiscal years)

Last three completed fiscal years	Fiscal years covered (*)	Dates of receipt of the financial audit reports	Dates of scrutiny by the legislature
2021	2020	May 10, 2021	May 28, 2021
2022	2021	May 10, 2022	July 8, 2022
2023	2022	May 31, 2023	June 14, 2023

Data source: *Chamber of Accounts letters 13/1-258 dated 10.05.2021; 02-450 dated 10.05.2022; 02-436 dated 31.05.2023. Parliament resolutions* #3276-IV dated 14.06.2023; #ПС-564-IV dated 08.07.2022; #ПС-295-IV dated 28.05.2021

741. Financial audit reports on annual budget execution were reviewed by Parliament within a two-months period after the receipt of the reports. Score A

Performance change since a previous PEFA assessment:

742. The comprehensive scrutiny of the annual audited budget execution report is usually completed by the legislature within two months from the receipt of the report. Score A

743. There is no change in the score since the previous PEFA.

31.2 Hearings on audit findings

744. *Dimension 31.2 assesses the extent to which hearings on key findings of the SAO take place.*

Performance level and evidence for scoring:

745. The Chamber of Account reports on Fiscal Strategy, on draft annual budget, on annual budget execution are subject of mandatory submission to the Parliament for review and consideration. Other audit reports are occasionally sent to the Parliament.

746. The Parliament Budget and Economic Affairs Committee reviews such audit reports. The audited entity and Ministry of Economy and Finance and Chamber of Accounts representatives are presented at the hearings. Score C

Performance change since a previous PEFA assessment:

747. In-depth hearings on key findings take place with 85% of the audited entities where relevant issues have been identified in the instructions of the audit report (there is no audit opinion concept). The hearings follow a consistent pattern: every year representatives are invited from the audited entities and the Chamber of Accounts. A list of attendees has been provided as evidence. Score C

748. There is no change in the score since the previous PEFA.

31.3. Recommendations on audit by legislature

749. *Dimension 31.3 assesses the extent to which the legislature issues recommendations and follows up on their implementation.*

Performance level and evidence for scoring:

750. The Chamber of Accounts individual audit reports (except for draft annual budget, fiscal strategy and annual budget execution report) are not normally submitted to the Parliament. They may be submitted to the Parliament occasionally. Parliament does not issue recommendations in relation to the Chamber of Accounts audit reports. Score D

Performance change since a previous PEFA assessment:

751. Recommendations on audit are made by the legislature, but there is no record of the decisions on actions to be implemented by the executive in relation to the conclusions of the Chamber of Accounts on the annual execution of the State Budget. There is no monitoring on implemented recommendations made by the legislature. Score D

752. There is no change in the score since the previous PEFA.

31.4. Transparency of legislative scrutiny of audit reports

753. *Dimension 31.4 assesses the transparency of the scrutiny function in terms of public access.*

Performance level and evidence for scoring:

754. Legislation provides arrangement for publicity (Legislative Chamber Reglament, articles 3 and 14; Senate Reglament, article 3). All Legislative chamber and Senate sessions, including committee hearings (except ones reviewing national security issues) are open and transmitted live by media and online by YouTube and Telegram channels.[74]

755. The Fiscal Strategy report and related audit report are provided for information and not debated at the plenary session. Committee summary reports are published on the Parliament website.[75] Score B

Performance change since a previous PEFA assessment:

756. The parliamentary proceedings and the approval of the audit reports are covered by the mass media. The audits are debated in the full chamber. The legislative committee issues an ordinance on the approval of the Chamber of Account's audit report on the execution of the state budget (evidence provided), but it is not published. Score D

757. There is an improvement in the score as all Legislative chamber and Senate sessions, including committee hearings (except ones reviewing national security issues), are now open and transmitted live by media and online.

[74] https://youtube.com/@OliyMajlisQonunchilikpalatasi?si=GRt9ik4chqpYVtGX
www.youtube.com/@senatuzb; t.me/senatuz; https://taplink.cc/oliymajlis

[75] Sample reports: https://parliament.gov.uz/ru/news/davlat-budjeti-daromadlari-prognozi-bajarilishi-nazoratni-talab-etadi

3. Overall analysis of PFM systems

3.1. PFM strengths and weaknesses

758. An overriding feature of PFM during the assessment period covering the years 2021 to 2023 has been the disruption to certain aspects of implementation in the development of processes relating to budget preparation, in particular relating to the medium term. Weak points include linkages between strategic planning, macro-fiscal forecasting, and the annual budget process. It has proved challenging to implement Program Based Budgeting and Public Investment Management across sectors and levels of government. However, budget execution (commitment control, and cash management), personnel and payroll, revenue services, and procurement have all been reflected the information technology and associated software that has been in place and expanded over time. This also has been reflected in accounts, although the adoption of all IPSAS standards is work in progress. The application of the IT which was developed is based on business processes in each of the subject areas (redefined as necessary) and not on the reconfiguration of business practices to suit particular software. This adoption of IT solutions combined with the internet as a vehicle for its implementation by competent and trained personnel (with appropriate control) has been fundamental to the development of strengths in PFM. The continued integration and roll out of IT, internet and personnel enhanced skills through training, has resulted in PFM's positive effectiveness and efficiency. This has contributed to the principles of accountability and transparency across the whole budget cycle from planning, budgeting, and execution which have been strengthened as a result. Areas of budget execution (commitment control, and cash management), revenue services, and procurement have stood out as areas of progressive institutional strengthening. Significant gains were also made in terms of coverage of the budget and the Treasury Single Account (TSA). However, this positivity can be further enhanced by greater availability of information on investment, fiscal risk and debt strategies in the public domain.

Aggregate Fiscal Discipline

759. Both revenue and expenditures outturns have not deviated significantly from that forecasted. Strong revenue administration ensured that revenues were efficiently collected. Treasury operations and cash management enabled expenditures to be managed within the available resources. Control of contractual commitments was effective and limited expenditure arrears. The strong internal and external audit functions have enhanced fiscal discipline. In-year data is available to manage in-year spending supported by the built-in instruments of control. The access procedures to IT system and its overall integrity management have also ensured sound fiscal discipline.

Strategic Allocation of Resources

760. The Chart of Accounts caters to a multi-dimensional analysis of expenditure. However, a strong link between the medium-term perspective in expenditure budgeting and strategic plans is not fully rolled out. The program budget approach to achieving results consistent with a strategic allocation of resources has yet to be achieved. This goal has been delayed by the administrative reorganization that has led to the creation of the Ministry of Economy and Finance. There is an emphasis on the overall fiscal framework, which has been improved by analysis and reporting of changes in circumstances

relating to fiscal strategy and implications of policy changes. The management of investments that were implemented may affect the strategic allocation of resources as recurrent cost implication of investment in the medium term is not factored into the budget process. However, investments selection is based on achieving strategic outcomes and uses economic analysis to generate the best return. While policies for this purpose were in evidence, the quality of project preparation could not be validated within the scope of the PEFA. Monitoring of the implementation of projects has ensured that what was planned is being delivered.

761. Overall, most of the key tools for strategic allocation of resources (fiscal strategy, budget classification, regular in-year reports on expenditure according to policy priorities, and regularized budget amendments and virement procedures) are in place, covering tools for planning and tools for monitoring implementation and controlling to plan. The area that is lagging is in a full roll out of program budgeting although some ministries now have performance indicators. Expanding the budget to the medium term and linking resources to performance indicators that has been delayed is the planned next achievable step.

Efficient Use of Resources for Service Delivery

762. The widespread strengths in the accountability mechanisms supported by internal and external audits are effective as counter checks on inefficient use of resources. The level of competitive bidding is low, which may impact on the efficient use of resources. Performance targets and outcomes also support the efficient use of resources in service delivery units, but currently these are not as extensive in coverage to be wholly effective. On the revenue side, there is clear operational efficiency with effective tax collection and possible low levels of arrears that could undermine the credibility of tax assessments and the principle of equal treatment of taxpayers.

763. Figures 3.1, 3.2 and 3.3 and Table 3.1.1 provide a summary presentation of the three outcomes in terms of the indicators that impact on them. All are basic and above save PI-16, which is mostly due to the impact of the reorganization of the Ministry of Economy and Finance and PI-20, which has resulted from the latest information on revenue arrears not being made available. There are a good number of sound and high indicator scores in all three outcomes.

Figure 3.1: Aggregate fiscal discipline

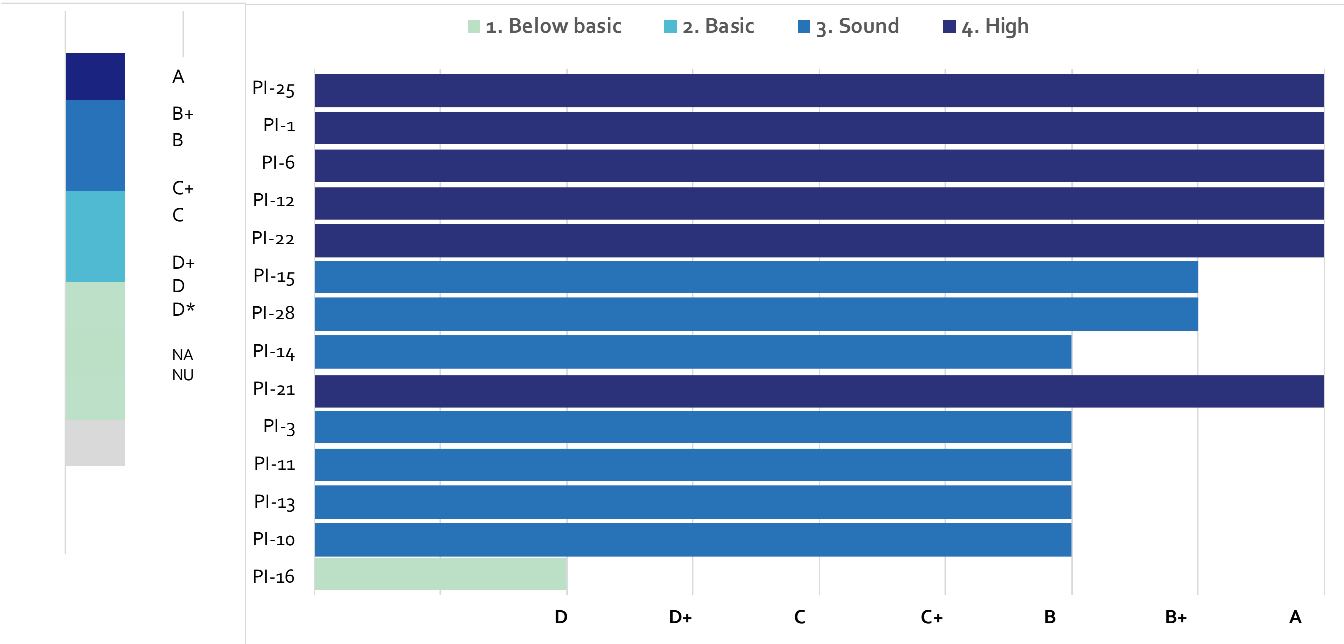

A
B+
B
C+
C
D+
D
D*
NA
NU
1. Below basic
2. Basic
3. Sound
4. High
PI-25
PI-1
PI-6
PI-12
PI-22
PI-15
PI-28
PI-14
PI-21
PI-3
PI-11
PI-13
PI-10
PI-16
D
D+
C
C+
B
B+
A

Figure 3.2: Strategic allocation of resources

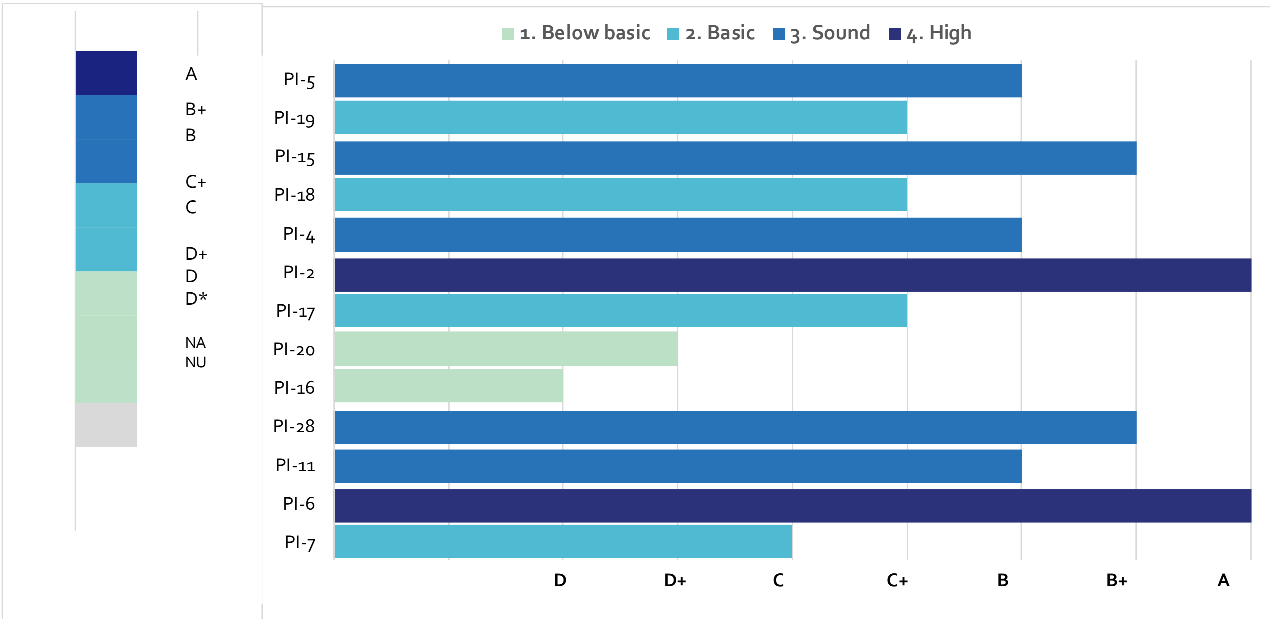


Figure 3.3: Efficient service delivery

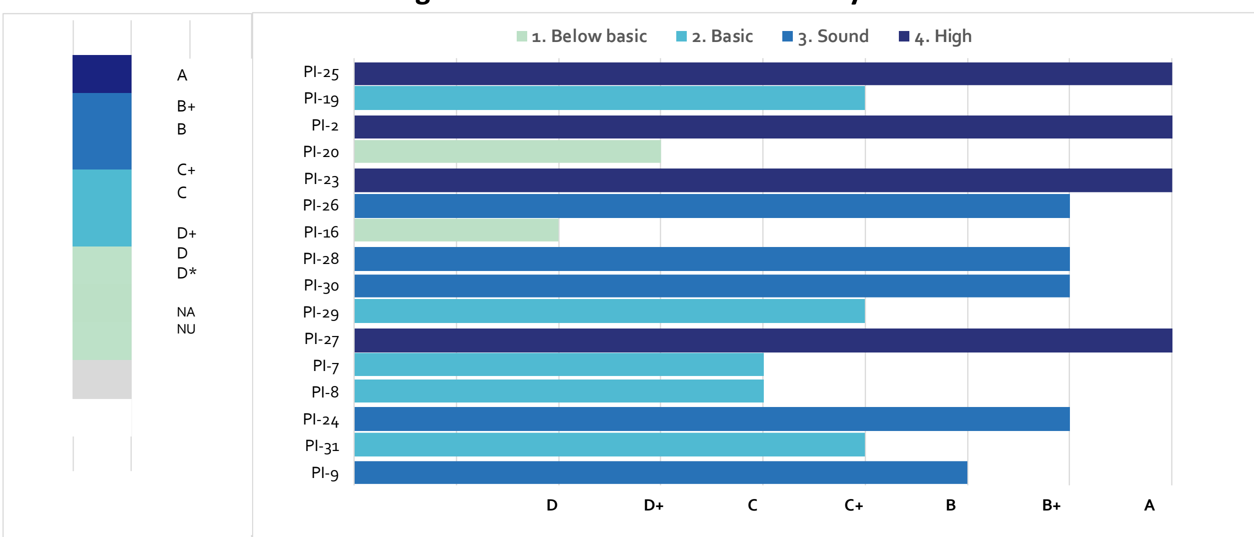


TABLE 3.1.1: PEFA performance indicators and the three budgetary outcomes

Indicator/dimension	Aggregate fiscal discipline		Strategic allocation of resources		Efficient service delivery	
Pillar one: Budget reliability The government budget is realistic and is implemented as intended. This is measured by comparing actual revenues and expenditures (the immediate results of the PFM system) with the original approved budget.						
PI-1. Aggregate expenditure outturn	A	*Aggregate expenditure outturns are close to the approved budget with A scores in the relevant dimensions. This overall fiscal discipline demonstrates the ability of the Government to control the total budget.*				
PI-2. Expenditure composition outturn			A	*Revenue forecasts are reliable. However, expenditure allocations by economic categories did not deviate from planned to a large extent as was the case by functional classification. This signifies that the allocation of resources to strategic policy priorities is predictable and therefore effective.*	A	*The variability in expenditure both by functional classification and by economic classification can affect planned service delivery.*
PI-3. Revenue outturn	B	*Aggregate revenue outturns are close to the approved budget with B scores in the relevant dimensions. This overall fiscal discipline demonstrates the ability of the Government to control the total budget.*				
Pillar two: Transparency of public finances. Information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget documentation.						
PI-4. Budget classification			B	*There is a comprehensiveness good structure of the budget classification.*		
PI-5. Budget documentation			B	*There is good transparency and comprehensiveness relating to budget management and information.*		
PI-6. Central government operations outside financial reports	A	*All expenditures and revenues are recorded in the Single Treasury Account, so the Government has full knowledge and understanding of its total operations and their components.*	A	*The comprehensiveness relating to all fiscal information ensures that all resources are factored into decisions.*		
PI-7. Transfers to subnational governments			C	*The transfers to lower levels of government are not based on a*	C	*The information and the mechanism for subnational transfers can be*

Indicator/dimension	Aggregate fiscal discipline		Strategic allocation of resources		Efficient service delivery	
				formulae but meet a budget deficit.		*considered work in progress*
PI-8. Performance information for service delivery					C	*Information on service delivery KPIs can be considered work in progress. Improvements will enable government and communities to better monitor the efficiency of service delivery.*
PI- 9. Public access to fiscal information					B	*There is transparent information on the structure of the budget with a citizens' budget, inter alia*
Pillar three: Management of assets and liabilities. *Effective management of assets and liabilities ensures that public investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.*						
PI-10. Fiscal risk reporting	B	*Management and understanding fiscal risks are good.*				
PI-11. Public investment management	B	*The management of public investment resources is impeded by a lack of publication though the inherent processes and procedures are strong.*	B	*The effectiveness and efficiency of public investment is impaired by not including the full lifetime costs in the budget outer years. This potentially could impair a project not getting all the resources required to maximize its impact and helping to support government's social and economic development objectives. Monitoring of the implementation of projects is reported, quarterly.*	B	*Public investment management is good but lacks publication of the assessments that are carried out and independently reviewed.*
PI-12. Public asset management	A	*Public asset management is very good that allows decision to be made on sound information.*			A	*There is an active privatization process and transparent disposal program of all assets*
PI-13. Debt management	B	*The management the debt strategy is impeded by a lack of publication though the inherent processes and procedures are strong.*				
Pillar four: Policy-based fiscal strategy and budgeting. The fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.						
PI-14. Macroeconomic and fiscal forecasting	B	*The macroeconomic and fiscal projections that are essential to support the development of a predictable and sustainable fiscal strategy*				
PI-15. Fiscal strategy	B+	*The fiscal strategy supports aggregate fiscal discipline is sound and are adhered*	B+	*The macroeconomic and fiscal forecasts along with the fiscal*		

Indicator/dimension	Aggregate fiscal discipline		Strategic allocation of resources		Efficient service delivery	
		to.		*strategy have set clear fiscal policy objectives.*		
PI-16. Medium-term perspective in expenditure budgeting	D	*The medium-term budgeting process in place has been hindered by institutional changes that have slowed down its implementation.*	D	*A medium-term perspective in budgeting is not yet operational to enable the planned budget to be more effective in allocating resources in accordance with priorities.*	D	*The roll out of medium-term budgeting that provides greater predictability in budget allocations and supports budget units to plan resource use more efficiently has been slowed down by the administrative reorganization.*
PI-17. Budget preparation process			C+	*An orderly budget process is in place but has been impeded by the recent administrative reorganization in the Ministry of Economy and Finance.*		
PI-18. Legislative scrutiny of budgets			C+	*While the Legislative scrutiny is sound and enables the government to be held accountable for its budget policy decisions, the allowable virement amounts can undermine the initial budget composition.*	C+	*The Legislative scrutiny that takes place covers the medium term but could not address the budget aspects so as to highlight potential inefficiencies in resources allocated for service delivery.*

Pillar five: Predictability and control in budget execution. The budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.						
PI-19. Revenue administration	C+	*There is an efficient administration and accurate recording and reporting of tax and nontax revenue collections. This ensures that all revenue is collected in accordance with relevant laws to support the government's budget framework. However, lack of data for 2023 is problematic*	C+	*There is a predictable revenue base that helps ensure that priorities are implemented.*		
PI-20. Accounting for revenues	D+		D+			
PI-21. Predictability of in-year resource allocation	A	*Allocation for commitments is in place. Payments are made when obligations are due.*	A	*The flow of resources to budget units helps ensure that priorities are implemented.*	A	*In-year adjustments though a supplementary budget are minimal but virement may undermine the efficient delivery of services.*
PI-22. Expenditure arrears	A	*Expenditure arrears are minimal. Payments are made when obligations are due.*			A	*The non-existence of arrears ensures that budget allocations are insufficient to meet the service levels expected.*
PI-23. Payroll controls			A	*Payroll controls are strong and effective so that allocative efficiency is not compromised by the expansion of payroll costs (crowding out expenditures on other priorities) or unmet obligations to employees.*	A	*The strong payroll controls have ensured that higher wage bill than planned do not result in higher costs per output.*
PI-24. Procurement					B+	While the procurement system is well-functioning and improves the efficiency of service delivery by ensuring better value for money of government purchases, there is a high share of non-competitive bidding.
PI-25. Internal controls on non-salary expenditure	A	*Fiscal discipline and control of commitments are in place.*			A	
PI-26. Internal audit			B+	*Internal audit is comprehensive and effective and provides assurance that systems are operating to achieve government objectives efficiently and*	B+	*The strong internal audit function has helped to identify any weaknesses and inefficiencies in internal control and operations.*

				effectively		
Pillar six: Accounting and reporting. Accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.						
PI-27. Financial data integrity	A	*Financial data and the availability of comprehensive annual financial reports and regular in-year reporting are available on a timely basis that ensure that budgets are executed as intended within approved fiscal targets.*			A	*The fiscal data and reporting on financial information is reliable. It contributes to internal control and acts as a foundation for good information for efficiently managing service delivery.*
PI-28. In-year budget reports	B+		B+	*Fiscal data and reporting on financial information is reliable and it ensures resources are allocated, as intended, to the government strategic priorities.*	B+	
PI-29. Annual financial reports	C+				C+	
Pillar seven: External scrutiny and audit. Public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.						
PI-30. External audit	B+	*There is reliable and extensive external audit, and legislative scrutiny of those audits. These provide assurance that information in financial reports is accurate.*	B+	*Both the reliable and extensive external audit and legislative scrutiny have ensured governments are accountable for allocating resources in accordance with the approved budget.*	B+	*The external audit and legislative scrutiny are both reliable. These levels of scrutiny have identified inefficiencies in government programs and service delivery which have resulted in recommendations for improvement*
PI-31. Legislative scrutiny of audit reports	C+		C+		C+	

3.2 Effectiveness of the internal control framework

764. An effective internal control system plays a vital role across every PEFA pillar in addressing risks and providing reasonable assurance that operations meet the control objectives. The objectives of the internal control framework are: a budget executed in an orderly, ethical, economical, efficient and effective manner; accountability for results; compliance with applicable laws and regulations; and safeguarding of resources against loss, misuse and damage.

765. The effectiveness of the internal control framework in the government ministries and their agencies is scrutinized by the Ministry of Economy and Finance and the Chamber of Accounts. The Central Harmonization Unit in the Ministry of Economy and Finance annually collects, consolidates and analyzes the information based on the annual reports prepared by various Internal Audit Units that cover virtually all expenditure including salary and non-salary expenses as well as all revenues. Internal audit standards are aligned with international standards. The Chamber of Accounts audit standards for compliance, financial and performance audits were adopted in 2021. These standards were developed on the basis of International Standards of Supreme Audit Institution (ISSAI). Compliance, financial and effectiveness (performance) audits were introduced in 2023. The annual audit program is developed based on distance control and risk analysis based on adopted risk standards and classification of potential risks (operational risks, system risks, internal audit and control risks) in the audited institution.

766. The role of the State Assets Management Agency with respect to State Owned Enterprises ensures that there is effective oversight, which is supported by an annual external audit of their financial performance.

767. The State Financial Control Inspectorate has also been established in Uzbekistan in order to increase the efficiency of the State Budget, strengthen the prevention of violations of budget legislation and expand remote financial control. The Inspectorate enhances the activities of the Chamber of Accounts, the Ministry of Economy and Finance, CHU and the internal audit services of ministries and departments in the area of Financial Control.

768. There is constant monitoring of budget funds management and budget accounting in budget organizations supported by special automated software products. These applications increase the efficiency of inspections of budget organizations at the same time by reducing the number of ineffective inspections through the widespread use of remote control, the identification of inspection objects and objectives through modern information technology and databases. As well the Ministry of Information Technologies and Communications Development ensures that financial data integrity processes are independently monitored.

769. The internal control environment, as set out in Annex 2, is generally sound with respect to 1 Control Environment, 2 Risk Assessment, 3 Control Activities, 4 Information and Communication and 5 Monitoring. The PEFA scores in related indicators and dimensions relating to these five components reinforce the notion that controls associated with the day-to-day transaction of the budgetary central government are functioning and result in good data integrity regarding the activities of these entities. The laws and regulations provide the legal framework, and allow for specific roles and responsibilities,

segregation of duties, and operating processes. The system embeds access controls and audit trails that support the internal control framework.

770. The current compliance-based approach supports continuous improvement in the control environment given the strengths in commitment controls and associated compliance with rules and procedures. The risk-based approach supports a strong internal and external audit and oversight function. Risk assessment is an important part of the control framework that applies to both external and internal audit and analysis as well as revenue management. Similarly, certain activities, such as advance and payroll, receive a level of attention in the ex-ante control process. Control activities are generally strong, in particular with regard to segregation of duties and reconciliation of accounts. Budget rules for supplementary estimates have been met although the rules for virement allow for high levels of reallocation, which is reflected in the variation in economic classification of actual spend compared to that in the budget.

771. In addition to these controls on financial transactions, the budget execution reporting systems provide information on performance relating to service delivery, which enhances the overall control environment. In addition, the Chamber of Accounts conducts financial, compliance and performance audits.

772. Information and communication of internal control awareness is continuously promoted through targeted and cross-cutting training. Monitoring is strong through the processes of internal and external audit, with strong follow-up embedded in the system. Internal and external auditors have made considerable contributions to assessment of the internal control systems at the central level through their individual engagement and annual reporting. The management response to the internal audit recommendations in the assessed period shows good performance. Parliamentary scrutiny of external audit reports provides support for the monitoring process.

773. The Budget execution reporting system provides information on performance relating to service delivery. While internal and external audits are mainly financial and compliance focused, there is a significant expansion of the auditing process to performance audits, and these provide independent evaluation and make recommendations on service delivery performance.

3.3 Performance changes since a previous assessment

774. Both the 2018 and this PEFA 2024 assessment were performed using the 2016 methodology. Annex 1 provides a summary of both sets of scores as well as changes in scores. Across the 94 individual dimensions compared, there has been an improvement in 37 dimensions, deterioration in eight (three of which are due to lack of data for 2023) and no change in the score in 49 dimensions. This overall improvement in scoring occurred over a relatively high baseline achieved in 2018, which had six A scores and 12 B scores out of the 31 indicators.

775. A comparison of the assessments indicates that the following dimensions deteriorated.

Fiscal Discipline

- Revenue outturn
- Rules for budget adjustment by the Executive (virement)
- Revenue audits (due to no information for 2023)
- Revenue arrears (due to no information for 2023)
- Revenue reconciliation (due to no information for 2023)

Strategic Allocation of Resources

- Medium-term expenditure estimates
- Coverage of internal audit
- Budget submission to the Legislature

776. The deterioration in these dimensions in the main can be attributed to the impact on budget preparation procedures due to the administrative reorganization that created the Ministry of Economy and Finance. In the case of the revenue, it is likely that the scores may well be A given the 2022 data but as there is no data for 2023 the score cannot be ratified. In the case of internal audit, the previous score may not have been justified.

777. An improvement in scores occurred in the following areas:

Fiscal Discipline

- Expenditure composition by function
- Expenditure composition by economic categories
- Government expenditures operations outside of financial reports
- Government revenues operations outside of financial reports
- Financial reports of extrabudgetary units
- Fiscal forecasts
- Macro-fiscal sensitivity analysis
- Bank account reconciliation
- Financial data integrity processes
- Accuracy of in-year budget reports
- Completeness of annual financial reports
- Accounting standards

Strategic Allocation of Resources

- Timeliness of information on transfers
- Public access to fiscal information
- Investment project selection
- Investment project monitoring
- Public assets management (all three dimensions)
- Alignment of strategic plans and medium-term budgets
- Public access to procurement information
- Audit coverage and standards
- Transparency of legislative scrutiny of audit reports

Efficient use of Resources for Service Delivery

- Performance evaluation for service delivery
- Fiscal impact of policy proposals
- Reporting on fiscal outcomes
- Scope of budget scrutiny
- Legislative procedures for budget scrutiny
- Revenue risk management
- Payroll audits
- Nature of internal audit and standards applied
- Implementation of internal audits and reporting
- Response to internal audits
- Timing of in-year budget reports
- Timing of audit report scrutiny
- External audit follow-up
- Supreme Audit Institution independence

778. These improvements can be attributed to continued strong management of the PFM reform program in Uzbekistan.

Annex 1: Performance indicator summary

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
Budget Reliability	**PI-1**	**Aggregate expenditure out-turn**	**A**		A		
		1. Aggregate expenditure out-turn	**A**	Aggregate expenditure outturn was between 95% and 105% of the approved aggregate expenditure in each of the last three years (FY2021 96.7%, FY2022 104.7%, and FY2023 99.4%)	A	Aggregate expenditure outturn was between 95% and 105% of the approved aggregate expenditure in at least two of the last three years (95.8% in 2015, 95.8% in 2016, and 105.1% in 2017).	There is no change in the score since the previous PEFA.
	PI-2	**Expenditure composition outturn**	**A**		B+		
		1.Expenditure composition outturn by function	A	The variance in expenditure composition by functional classification was less than 5% in at least two of the last three years (FY2021 4.5%, FY2022 15.5%, and FY2023 3.4%).	B	Variance in expenditure composition by functional classification was less than 10% in all the three years.	There has been an improvement in size of the variance.
		2.Expenditure composition outturn by economic type	A	The variance in expenditure composition by economic classification was less than 5% in at least two of the last three years (FY2021 3.9%, FY2022 8.5%, and FY2023 0.8%).	B	Variance in expenditure composition by economic classification was less than 10% in all the three years.	Compared to the previous assessment, the variation between in composition has decreased.
		3.Expenditure from contingency reserves	A	The actual expenditure charged to a contingency the last three completed years was less than 3% of the original budget (FY2021 0.4%, FY2022 0.3%, and FY2023 0.3%)	A	Actual expenditure charged to a contingency vote was on average 0.4%, which is less than 3% of the original budget.	There is no change in the score since the previous PEFA.
	PI-3	**Revenue outturn**	B		B+		
		1.Aggregate revenue outturn	B	Aggregate revenue outturn was between 94% and 112% of the approved aggregate expenditure in at least	A	Actual Revenue was between 97% and 106% in two of the last three years	There has been a decrease in the score as the difference in outturn and budget increased since the

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				two of the last three years (FY2021 110.3%, FY2022 112.7%, and FY2023 100.9%).		(101% in 2015; 101% in 2016; and 112% in 2017).	previous PEFA
		2. Revenue composition outturn	B	Revenue composition outturn compared to the original approved budget of BCG for the last three completed years was in two years more than 5% and less than 10% (FY2021 7.4%, FY2022 17.9%, and FY2023 7.7%)	B	Variance in revenue composition was less than 10% in two of the last three years (7.0% in 2015, 10.7% in 2016 and 7.5% in 2017)	There is no change in the score since the previous PEFA but the range was less than 10% only in two years
Transparency of Public Finances	**PI-4**	**Budget Classification**	**B**		B		
		1.Budget classification	**B**	Administrative, economic and functional classifications (3 digits) are used for all stages of budget process: budget formulation, execution and reporting. Classification is compatible with the GFSM 2014 manual	B	The budget formulation and execution is based on administrative, economic and sub-functional classification, using GFS/COFOG standards.	There have been Improvements in classification given the move to GFSM 2014 from GFSM 2001. However, program classification has to be further developed.
	PI-5	**Budget Documentation**	**B**		B		
		1.Budget documentation	**B**	4 basic and 3 additional elements are presented in budget documentation	B	The budget documentation fulfils 7 of 12 elements including every basic element (1-4).	Although score B is kept there are improvements since 2019. Partial information on element 7 is added but insufficient to meet the criteria. Information on element 11 is added since 2019.
	PI-6	**Central government operations outside financial reports**	**A**		C		
		1. Expenditure outside financial reports	A	The expenditures of all state targeted funds, UFRD and extra-budgetary funds are recorded in the TSA and reflected in the government's financial reports as are expenditure by IFIs.	D	Expenditure outside government financial reports is more than 10% of total BCG expenditure (including net lending), primarily due to FRD expenditure	The reform carried out in 2020-2022 ensured that the expenditures of all state targeted funds, UFRD, extra-budgetary funds of budgetary organizations were recorded in TSA and included in the

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
						(including net lending) which is reported outside government financial reports.	government reports.
		2. Revenue outside financial reports	A	The revenues of all state targeted funds, UFRD and extra-budgetary funds are recorded in the TSA and reflected in the government's financial reports	B	Revenue outside government financial reports is slightly less than 5% of total BCG revenue, primarily due to FRD revenue which is reported outside government financial reports.	The reform carried out in 2020-2022 ensured that the revenues of all state targeted funds, UFRD, extra-budgetary funds of budgetary organizations were recorded in TSA and included in the government reports.
		3. Financial reports of extra-budgetary units	A	Detailed financial reports of all extra-budgetary units and expenditures by IFIs are submitted to government annually within three months of the end of the fiscal year	C	Detailed financial reports of less than 75% of extrabudgetary units are submitted to government annually within nine months of the end of the fiscal year This is caused by FRD, reporting separately to the President. The report had not been disclosed.	The reform carried out in 2020-2022 ensured that the expenditures of all state targeted funds were recorded in TSA and included in the government reports.
	PI-7	**Transfers to subnational governments**	**C**		D		
		1. System for allocating transfers	D	Existing regulations do not allow for a transparent, rules-based system for predicting transfers	D	The horizontal allocation of the only transfer to (donor) subnational governments from central government (i.e., the subvention) is not fully determined by a transparent and rule based system. The main issue is inadequate transparency and	There is no change since the previous PEFA

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
						rules, and variability from one year to another.	
		2.Timeliness of information on transfers	B	Information on the volume of transfers for 2024 local budgets was received 4 weeks before the submission of the draft budget to the legislative	D	Regions do not receive budget allocation information in order to develop their budget before the Presidential Decree on the approved budget informs them with the amounts of transfers.	Information on the volume of transfers is received before the submission of the draft budget.
	PI-8	**Performance information for service delivery**	**C**		D+		
		1.Performance plans for service delivery	D	Information is published annually on the activities to be performed under programs for the majority of ministries' performance indicators relating to the outputs or outcomes of *some* of the CG budget.	D	Performance plans are not prepared government wide.	Information on service delivery has increased and is present in 33% of the budget of service sectors but the score remains D
		2.Performance achieved for service delivery	D	Information is published annually on the activities performed for *some* ministries and departments of the CG budget	D	No reporting on performance on realized outputs or outcomes takes place.	Information on service delivery is present at 25% of the budget of service sectors but the score remains D
		3.Resources received by service delivery units	A	Information about the resources received for the services provided by all ministries and departments is available in the quarterly and annual budget reports.	A	Tracking of information on all types of resources received in cash and in kind is done through UzASBO. Each service delivery unit provided information to the parent ministry which consolidated the information on an annual basis.	There is no change in the score since the previous PEFA.
		4.Performance evaluation for	C	Evaluations of the efficiency or	D	No efficiency or effectiveness	From 2021, The Chamber Account

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
		service delivery		effectiveness of service delivery have been carried out for some ministries at least once within the last three years		studies have been conducted.	started a study on the implementing performance audits. In the past period, efficiency audits were conducted in some ministries and agencies of the central government.
	PI-9	**Public access to information**	**B**		C		
		1. Public access to information	**B**	4 basic and 3 additional elements are available to the public within the specified timeframe.	C	Four basic elements and one additional element are made available to the public within the specified timeframe.	One more additional is published while2 more elements were published as well but not within the specified timeframe
Management of assets and liabilities	**PI-10**	**Fiscal risk reporting**	**B**		B		
		1.Monitoring of public corporations	B	Three per cent of SOEs (by expenditure size) were not audited and 87 per cent were audited within 6 months of the end of the financial year. An aggregate report on the performance of state-owned enterprises is published on the website of the State Assets Management Agency	B	Except for one commercial bank, all joint stock public corporations published their audited financial statement within six months of the end of the fiscal year. While analysis is being conducted on the economic and financial situation of public corporations through the use of KPIs, a specific consolidated report on the financial performance of the public corporation sector is not prepared.	Although the score has remained the same the same there has been a change in the metrics: there is now a consolidated report on performance by SAMA, but the sample of audit reports showed a drop below the 90 per cent to be audited within six months to score A
		2.Monitoring of sub-national government (SNG)	A	The consolidated report of *the* External Audit of the Execution of the State Budget was published on the	A	Annual regional government financial reporting is part of the	There is no change since the previous PEFA with an A Score maintained

		Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension	Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
			website of the Accounts Chamber on June 14, 2023. The audit report of Tashkent City was submitted on April 5, 2023.		consolidated budget execution report that is audited by the Supreme Audit Institution within the same timeframe. The report on the financial position of all subnational governments is consolidated with the report on the financial position of the state budget and state targeted funds.	
	3.Contingent liabilities and other fiscal risks	D	A Fiscal Risk Report is currently under preparation and is due to be published.	D	Central government entities and agencies do not quantify significant contingent liabilities in their financial reports.	While there is progress in producing a fiscal risk report, it has not been completed and ready for publication
	PI-11 **Public investment management**	**B**		C		
	1.Economic analysis of investment proposals	C	There are approved standard criteria for selecting/prioritizing investment which are publicly available. The Investment Department in the MOEF reviews the economic analysis justifying a project presented by a sponsoring department. However, the actual analysis that is carried out is not published.	C	Although economic analyses were conducted, as established in national guidelines, to assess most major investment projects, and the analyses were reviewed by an entity other than the sponsoring entity, the results were not published. Some economic analyses were conducted superficially.	There is no change in scoring since the previous PEFA as economic analysis of projects is not published
	2.Investment project selection	A	Resolution No. 206 established a procedure	C	Although all major	The enactment of Resolution 206 and

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				according to which projects are selected from a portfolio of projects proposed by the initiators based on the prioritization of projects, the main selection criteria and requirements for the project.		investment projects are prioritized by central entities on the basis of published standard criteria for project selection, political considerations and ultimately the available funding influenced the selection process of some projects.	PD 43 for projects to be included in the budget has improved the investment selection process.
		3.Investment project costing	C	The life cycle costs of an investment projects are calculated as part of the project selection process based on the economic analysis. Capital costs are included in the annual budget with provision for ongoing costs in future years. However, the recurrent cost are only included in the current year if the project is completed and operational. Future capital costs and operational costs are included in ministerial forward budget is aggregate rather than being allocated to an identifiable project.	C	Projections of the total capital cost of major investment projects, together with only the capital costs for the forthcoming budget year, 2017, are included in the official documents.	There is no change in score since the previous PEFA.
		4.Investment project monitoring	A	There are standard procedures and rules for implementing an investment project that carries out physical and cost monitoring of the investment. Information on monitoring is published on a quarterly basis.	C	Although the total cost and physical progress of major investment projects were monitored by the implementing government unit as well as the Ministry of Economy, and quarterly reports were provided to the Cabinet of	The score of C in the previous PEFA has improved to an A given that information on project monitoring is now published.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
						Ministers, but these were not published.	
	PI-12	**Public asset management**	**A**		C		
		1.Financial asset monitoring	A	The Financial Statements details financial assets by type held in the Government Accounts. The State Asset Management Agency produces an annual report detailing **annual information** on state-owned enterprises' financial performance.	C	While the government maintains a record of its holdings in major categories of financial assets, which are recognized at their book or market (stock exchange) value and includes the total value of financial assets in its balance sheet, a specific consolidated report on the financial performance is not prepared or published.	There is an improvement in the score as information is now prepared and published.
		2.Nonfinancial asset monitoring	A	Each ministry and agency maintains a record of all fixed assets under its guardianship which specifies when the assets were obtained and its use. Land is recorded in the cadastral system. The State Assets Management Agency reports on the status of utilization of state property.	C	The government maintains a register of its holdings of different types of nonfinancial assets, with varying details about information on value, usage of the assets. Most information is not published, or only partial information is provided.	There is an improvement in the score as information is now prepared and published.
		3.Transparency of asset disposal	A	There are clear procedures relating to disposal of both financial and non-financial assets. The Financial Statements reports on the movement of non-financial assets. The State Assets	C	Procedures and rules for the transfer and disposal of nonfinancial assets are established but partial information on	The score has improved as information on the transfers and disposal of financial and non-financial assets are now in the public domain as well as being provided to the

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				Management Agency reports on sale of SOEs. These reports are submitted to the Legislature.		transfers and disposals is included in internal reports of the Ministry of Finance.	Legislature.
	PI-13	**Debt management**	**B**		B		
		1.Recording and reporting of debt and guarantees	A	Reconciliation is carried out monthly and there is quarterly and an annual report of all debt.	A	The recording and reporting of (external) debt and government guarantees are complete, updated and reconciled on a monthly basis. For internal purposes comprehensive reports covering debt stock, debt servicing and debt-related operations are produced on a quarterly basis.	There is no change since the previous PEFA.
		2.Approval of debt and guarantees	A	The Ministry of Economy and Finance is designated as the authorized body for all borrowings.	A	Primary legislation grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity, i.e. the Ministry of Finance. Documented policies and procedures provide guidance to borrow, issue new debt and undertake debt-related transactions, issue loan guarantees, and	There is no change in score since the previous PEFA.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
						monitor debt management transactions by the Ministry of Finance. Annual borrowing is approved by the legislature when discussing the government budget proposal.	
		3.Debt management strategy	D	A Medium-term debt management strategy is prepared using MTDS AT tool includes existing and projected debt as well as cost and risk indicators. It is not published.	D	The MoF does not have (yet) a Medium-Term Debt Strategy (MTDS) in place but plans to develop one in the near future.	While the score remains at D a Medium-Term Debt Strategy has been produced but only for internal use.
Policy-based fiscal strategy and budgeting	**PI-14**	**Macroeconomic and fiscal forecasting**	**B**		C		
		1.Macroeconomic forecasts	C	The government prepares forecasts of key macroeconomic indicators. Some key macroeconomic indicators, together with the underlying assumptions, are included in budget documentation submitted to the legislature. These forecasts are updated at least once a year. The forecasts cover the budget year and the two following fiscal years. The projections have been reviewed by the Central Bank, Chamber of Accounts.	C	The government prepares forecasts of key macroeconomic indicators for the budget year and the two following fiscal years, but only forecasts of year Y+1 are included in budget documentation submitted to the legislature.	There is no change in the score despite improvements in the macroeconomic forecast presentation. Exchange rate and interest rate forecasts are not presented in budget documentation that is key for a score increase.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
		2. Fiscal forecasts	A	Budget documentation contain fiscal forecasts, including revenues (aggregate and by type), expenditures (aggregate and by type), budget balance and sources of deficit financing for budget and two more years along with the underlying assumptions, including explanations of differences from previous forecasts; and they are submitted to the Parliament.	C	The government prepares forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years, but only forecast of year Y+1 are included in budget documentation submitted to the legislature.	Inclusion of fiscal forecasts in the budget documentation for two more years along with the underlying assumptions has led to the increase in the score
		3.Macro-fiscal sensitivity analysis	B	Government prepares two alternative macroeconomic forecast scenarios for internal use only. Quantitative fiscal impact of different macroeconomic assumptions/risks are discussed in the budget documentation	C	The macrofiscal forecasts prepared by the government include a qualitative assessment of the impact of alternative macroeconomic assumptions but the budget documents include discussion of forecast sensitivities.	Development of two macroeconomic scenarios based on the alternative assumptions has led to the score increase.
	PI-15	**Fiscal strategy**	**B+**		C		
		1.Fiscal impact of policy proposals	A	Budget message submitted to the Parliament includes assessments of impact of all changes in revenue and expenditure for budget and two following years	C	Since 2017, the Ministry of Finance prepares estimates of the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year and includes them into the budget documentation, but only for the next fiscal year.	The score has improved as there are now assessments of impacts of all changes in revenue and expenditure policies for the budget and two following years.
		2.Fiscal strategy adoption	C	Government has prepared fiscal strategy	C	The government has adopted and	There is no change is the score since the

Pillar	Indicator/Dimension		Current assessment: Score	Current assessment: Description of requirements met	Previous assessment (PEFA 2016 framework): Score	Previous assessment (PEFA 2016 framework): Description of requirements met	Previous assessment (PEFA 2016 framework): Explanation of change (including comparability issues)
				for 2024-2026 period for internal use only. Fiscal strategy includes both quantitative and qualitative objectives for budget and two following years.		submitted to the legislature a current fiscal strategy that includes quantitative or qualitative fiscal objectives for at least the budget year, but not the following two fiscal years.	previous PEFA, but performance has improved but was not fully implemented due to organizational changes.
		3.Reporting on fiscal outcomes	A	2024 budget documentation submitted to the parliament includes information on the progress towards the fiscal objectives and main reasons for deviations from it. Budget documentation includes proposals to address deviations as well as proposals to reform actions to get back on track. 2024 budget documentation is published.	C	The government prepares an internal report on the progress made against its fiscal strategy. Such a report has been prepared for the last completed fiscal year.	The score has improved as budget message is published which includes information on the progress towards the fiscal objectives.
	PI-16	**Medium term perspective in expenditure budgeting**	**D**		C		
		1.Medium-term expenditure estimates	D	Budget message includes medium-term expenditure estimates only for programs. Fiscal strategy that normally includes medium-term expenditure estimates according administrative and economic classifications, was not adopted in 2023	A	For the 2019 budget, the annual budget presents estimates of expenditure for the budget year and the two following fiscal years allocated by administrative, economic, and program (or functional) classification.	Due to the reorganization of the MOEF there was no medium-term expenditure information according to the administrative and economic classifications and only by functions and programs.
		2.Medium-term expenditure ceilings	D	Budget circular was issued on May 9, 2023, and did not include ceilings	D	No aggregate expenditure ceilings are approved by the government	There is no change in the score since the previous PEFA.

Pillar	Indicator/Dimension		Current assessment: Score	Current assessment: Description of requirements met	Previous assessment (PEFA 2016 framework): Score	Previous assessment (PEFA 2016 framework): Description of requirements met	Previous assessment (PEFA 2016 framework): Explanation of change (including comparability issues)
						after the first budget circular.	
		3.Alignment of strategic plans and medium-term budgets	C	Medium-term strategies are aligned for 27.8 % of the ministries. Their budgets are aligned with their medium-term strategies.	D	Medium-term strategic plans are prepared for some ministries (5). Some expenditure policy proposals in the annual budget estimates align with the strategic plans. However, those sector strategies that exist have no comprehensive costings. Links between investments and future recurrent costs are not made.	The improvement in the score is due to the development of costed sector strategies.
		4.Consistency of budgets with previous year estimates	D	Budget documentation provides explanations of the changes of estimates between two consecutive medium-term budgets at the aggregate level with no medium-term expenditure information according to the administrative and economic classifications and only by functions and programs.	NA	The budget documents do not provide an explanation of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget at the aggregate level because it is not possible yet.	There is a change in score as a medium-term perspective is now in place but was impacted as there was no medium-term expenditure information according to the administrative and economic classifications and only by functions and programs.
	PI-17	**Budget preparation process**	**C+**		B		
		1.Budget calendar	A	Clear and comprehensive budget calendar exists. It is adhered by all budget organizations. Budget organizations were given 6 weeks to complete their budget requests.	A	A fixed budget calendar exists by law and his adhered to.	There is no change in scoring since the previous PEFA

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
		2.Guidance on budget preparation	D	Budget circular covering 100% of expenditures was disseminated to budget organizations. No budget ceilings were adopted.	D	There is no formal political involvement in the setting of ceilings as they do not exist.	There is no change in scoring since the previous PEFA, but this was due to budget processes being disturbed by administrative reform in 2023 as positive changes had been introduced previously which would have increased the score to B
		3.Budget submission to the legislature	C	The Government has submitted draft annual budget to the Parliament at least one month before start of the fiscal year in two of the last three years.	A	The legislature has received the budget at least two months before the end of the year for the last 3 years.	The score for the dimension has decreased due to the impact of the reorganization of the Ministry of Economy and Finance on the budget preparation process.
	PI-18	**Legislative scrutiny of budgets**	**C+**		B+		
		1. Scope of budget scrutiny	A	Parliament reviews and adopts annual budget. Review covers fiscal policies, macroeconomic and medium-term fiscal forecasts, medium-term expenditure estimates, expenditure and revenues both on aggregate level and in detail.	B	The legislature's review covers fiscal policies and aggregates for the coming year as well as detailed estimates of estimates and revenue; however, budget does not provide for a medium-term fiscal framework.	The score has improved as the medium term is now included in the review.
		2. Legislative procedures for budget scrutiny	A	Budget review and adoptions procedures are defined be legislation and are adhered to. They include publicity arrangements and organizational arrangements, such as specialized review committees, technical support and negotiation arrangements.	B	The legislature's procedures for budget review are established and respected. They include internal organizational arrangements, such as specialised review committees and negotiation	The arrangement for publicity has improved the score from the previous PEFA.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
						procedures.	
		3. Timing of budget approval	A	Annual budgets during last three fiscal years were adopted by the Parliament before start of the budget year.	A	Budget approval by the legislature was made always timely for the last 3 FY.	There is no change since the previous PEFA
		4.Rules for budget adjustments by the executive	C	Clear rules for budget amendment exist and they are adhered to in all cases. Rules provide strict limits and roles for both executive and legislative branches. Executive has the authority to expand total expenditure in specific circumstances such as from privatization receipts without seeking legislative approval.	B	Clear rules exist for in-year budget amendments by the executive, but extensive administrative reallocations may be permitted.	The score has been downgraded due to the size of the variations beyond the permissible 10% as well as the ability to use privatization receipts. The 2019 PEFA focused on the case for supplementary budget rather than virement.
Predictability and control in budget execution	**PI-19**	**Revenue administration**	**C+**		B		
		1.Rights and obligations for revenue measures	A	The Tax and Customs Code are comprehensive in their coverage of the obligations and rights of tax authorities and payers with a three-stage appeals process. There are regular meetings with companies and videos and messaging on social media as well as TV and radio are used.	A	Both entities collecting most revenues use multiple channels to provide payers with easy access to comprehensive and up-to-date information on the main revenue obligation. Redress mechanism with clear and procedures is in place for both entities.	There is no change in the score from the previous PEFA
		2.Revenue risk management	A	Detailed risk factors relating to taxpayers are set out in both the Tax Codes. Risk analysis software is used by Tax and Customs Committees. All taxpayers have a Tax Identification Number. Taxpayers are segmented by large and	C	Both entities collecting most of revenue use structured and systematic approach for assessing and prioritizing compliance risk. Development of	The score has improved since the previous PEFA as the risk management process is now implemented.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				medium size.		comprehensive compliance risk management is in progress.	
		3.Revenue audit and investigation	D*	Tax audits are conducted with the purpose of checking compliance based on risk analysis. The Tax Committee three types: in house, on-site tax inspection; and full audit. The Customs Committee use document and physical checks; document check only and no checks with post import audits in special circumstances.	C	State Tax Committee (84% share of all collected revenue) performed revenue audits and inspection for 56% of all legal entities in FY 2017 applying risk-based approach. State Customs Committee (8% share) monitors compliance but fail to report on percentage of mitigation activities performed over the last completed year.	The audit selection and implementation process is now based on risk factors which taxpayers are selected for audit during the year. However, there is lack of data for 2023
		4.Revenue arrears monitoring	D*	Arrears on taxes are less than 3% with arrears older than 12 months less than 0.3%. The lack of data for 2023 ensures a D*	A	The total amount of revenue arrears as well as the arrears older than 12 months is insignificant, it represents less than 1% of revenues for FY 2017. The rate of arrears has been consistently below 1% during the three years of assessment.	It is likely that there is no change in scoring.
	PI-20	**Accounting for revenues**	D+		A		
		1.Information on revenue collections	A	Revenue collections are monitored in real time. At the end of each month a report is prepared analyzing collections against revenues in the forecasts highlighting reasons for	A	The Treasury at MoF collected revenue data from STC and SCC in real time on daily basis and presents the information by	There is no change in scoring since the previous PEFA.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				any variations. This report is submitted to the Minister of Finance and the management team.		revenue source in monthly reports.	
		2.Transfer of revenue collections	A	All tax payments are made directly into the subaccount attributable to the collecting agencies in the Treasury Single Account	A	Transfers of revenue are made daily.	There is no change in scoring since the previous PEFA.
		3.Revenue accounts reconciliation	D	There is an electronic file for each taxpayer identified by the TIN. Filing is done electronically online. The taxpayers file is updated on the basis of payment made against payment assessed and due in real time with a reconciliation report available immediately. However, the lack of information for 2023 ensures a lack of confirmation.	A	Reconciliation is made monthly within 10 days of month end by both tax and customs. Overdue reconciliation is done quarterly.	There is no change in scoring since the previous PEFA.
	PI-21	**Predictability of in-year resource allocation**	A		A		
		1. Consolidation of cash balances	A	Cash flow management is implemented on a daily basis which covers both domestic and foreign currencies.	A	The Treasury consolidates all cash balances on daily basis except for the volume of bank accounts in foreign currency in commercial banks, with volume 2% in 2017 and 1% in 3rd Quarter in 2018, thus it represents less than 10%.	While the score has remained at A the materiality has improved with the absorption of foreign currencies into the TSA.
		2. Cash forecasting and monitoring	A	Cash flow forecast are made for the whole year covering both expenditures and revenues and are updated on the basis of actual inflows monthly cash flow. These are	A	Cash flow forecasts are prepared for the fiscal year, and are updated monthly on the basis of cash inflows and	There is no change in score since the previous PEFA.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				approved by the Ministry of Economy and Finance on a quarterly basis.		outflows, but they are approved only quarterly by the MoF	
		3. Information on commitment ceilings	A	All spending agencies are able to plan their procurement up to 6 months in advance	A	Budgetary organizations are able to plan and commit expenditure for at least six months in advance with the budgeted appropriations. They can even spend all the appropriation at the beginning of the year if justified.	There is no change in score since the previous PEFA.
		4.Significance of in-year budget adjustments	A	There was one supplementary budget approved by the Legislature in 2023.	A	Significant in year adjustments to budget allocations take place infrequently and are done in a transparent and predictable way. In-year budget adjustment was below 10% for 2017	There is no change in score since the previous PEFA.
	PI-22	**Expenditure arrears**	A		A		
		1.Stock of expenditure arrears	A	The stock of expenditure arrears is negligible.	A	In all three years of assessment, the stock of arrear was less than 0.5 percent of the total actual budget expenditure.	There is no change in score since the previous PEFA.
		2.Expenditure arrears monitoring	A	The Treasury monitors and reports on arrears. The system in place manages the payment process which in turn highlights any arrears on a daily basis. There are some paper based invoices only for confidential and	A	Data on arrears is monitored on a daily basis according to the local definition of arrears and reported in quarterly reports together with age within one	There is no change in score since the previous PEFA.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				exceptional procurement which represents up to 8-10% of the total expenditure. Arrears are confined to this category of expenditure. An arrears report is produced at the end of each quarter within the month following the end of the quarter.		month after the end of the quarter.	
	PI-23	**Payroll controls**	**A**		B+		
		1.Integration of payroll and personnel records	A	Details of staff appointment and dismissal, any change of position made by Human Resource Department are reflected in Accounting Division records in UzASBO automatically. The salary calculation is done automatically based on staff plan, salary and days worked days.	A	Personnel data and payroll data are now directly linked. Payroll is integrated into UZ-ASBO	There is no change in score since the previous PEFA.
		2.Management of payroll changes	A	Changes to personnel records are made in real time as they entered in UzASBO. Retroactive salary recalculation is rare.	A	Required changes to personnel records and payroll are updated automatically and retroactive adjustments are less than 3% (0.91%)	There is no change in score since the previous PEFA.
		3.Internal control of payroll	A	Access is defined by an individual's role and responsibility and is not universal. Everyone that has access to the system including personnel and payroll has a unique ID number and electronic key to access the system. There is an audit trail based on what has been done and who has carried it out in the system.	A	Access to payroll and staff records modules in the software system is restricted, authority to make changes results in an audit trail	There is no change in score since the previous PEFA.
		4.Payroll audit	A	Payroll audits are carried out every year for all	B	Payroll audit covering all	The score has improved with the

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				budget organizations as part of the annual internal audit process based on risk analysis.		central government entities are conducted by the Control and Revision Unit once every two years as part of their review of the targeted use of budget funds	transfer of audit from the Control and Revision Unit responsible for inspection and control activities to the Internal Audit function which includes payroll audits as part of its annual activities.
	PI-24	**Procurement**	**B+**		B		
		1.Procurement monitoring	A	The database on all procurement was shown to include what has been procured, the value of procurement and who has been awarded the contract. The information system was demonstrated as being complete for all procurement methods.	A	Records of all procurement are maintained with details on value, duration, who has been awarded the contract. The data is complete and accurate and reconcile to the budget execution data on (i) services for goods and (ii) consumption of fixed capital	There is no change in score since the previous PEFA.
		2.Procurement methods	D	Competitive tender represent is 59.3% of the total procurement above the threshold.	D	The total value of contracts awarded through competitive methods in the last completed fiscal year was about 42%, the remaining 58% represented the volume of direct contract award method.	While there is an increase in the share of contract being awarded though competitive tendering the score remains D
		3.Public access to procurement information	A	All six key elements of the procurement information are made available to the public	B	Five of the six procurement information elements were made available to the public in FY 2017. This information was published on the e-procurement	The score has improved from B to A as data on resolution of procurement complaints is now provided compared to the previous PEFA.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
						website.	
		4.Procurement complaints management	A	All six elements relating to procurement complains are met	A	Complaints on electronic tenders are filed and resolved by an appeal body, the others are directly filed with the court. The composition of the appeal body is decided by the Cabinet of Ministers and consists of seven members from different organizations. This mechanism functioned for all procurement operations in FY 2017. All procurement system criteria are met.	There is no change since the previous PEFA
	PI-25	**Internal controls on non-salary expenditure**	A		A		
		1. Segregation of duties	A	Access is restricted to individuals relating to their roles and responsibilities with access though a digital key-in system only to that part of the system that they are assigned to in their work.	A	Appropriate segregation of duties is prescribed through the entire expenditure process. Responsibilities are clearly laid down.	There is no change in the score since the previous PEFA.
		2.Effectiveness of expenditure commitment controls	A	The software system has a commitment control module Commitments are entered for the period. Once a commitment has been made this is entered into the database and the available commitment is reduced accordingly. Commitment in excess of what is available cannot be entered as the	A	Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations through the	There is no change in the score since the previous PEFA.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				system will reject the entry.		GFMIS.	
		3.Compliance with payment rules and procedures	A	All payments are compliant with regular payment procedures with full authorization embedded in the system.	A	Strict internal control exists on financial transactions ensuring compliance with payment rules which is very high and any misuse or errors in payment procedures is insignificant.	There is no change in the score since the previous PEFA.
	PI-26	**Internal audit effectiveness**	B+		D+		
		1.Coverage of internal audit	B	The Internal Audit function has been extended to 30 out of the 32 Ministries and Agencies covering 85.2% of expenditures and revenues.	B	Internal audit functions started only in 2017. Internal audit is operational for 6 entities (81%) representing most total budgeted expenditure and for one entity (84%) collecting most budgeted government revenue.	The coverage of internal audit has been extended to 30 entities compared to 6 in the previous PEFA.
		2.Nature of audits and standards applied	A	Internal audits are focused on the adequacy and effectiveness of internal controls with an effective quality assurance process in place that meet professional standards and a focus on risk.	C	Internal audit activities are primarily focused on financial compliance. The current practice of internal audit does not follow international standards and there is little or no internal audit focused on systems monitoring.	The scope of internal audit activities has been extended beyond financial compliance.
		3.Implementation of internal audits and reporting	B	Annual audit programs exist and in 2023 86% were completed although a further 576 unplanned audits were also conducted. Audit	D	Reports are issued regularly for most audited government entities, but the percentage of	There has been a significant improvement in the planned and unplanned audit coverage since the

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				reports are distributed to the appropriate parties.		implementation of the Annual Audit Plans cannot be determined.	previous PEFA. The score in the previous PEFA may well have been D* rather than D.
		4. Response to internal audits	A	Over the 2021 to 2023 period 93.5 per cent of recommendations made have been acted upon.	D	Action by management on internal audit findings is taken rapidly but the percentage of management response to all entities audited cannot be determined.	There has been an improvement in the score as response rates are determined. The score in the previous PEFA may well have been D* rather than D.
Accounting and Reporting	**PI-27**	**Financial data integrity**	**A**		B		
		1.Bank account reconciliation	A	Treasury Committee reconciles accounts both on an aggregate and detailed level with the Central Bank on the daily basis. Mismatches are cleared within one day	D	The authorities do not reconcile the monetary and fiscal financing data on a regular basis.	There is a significant improvement in the score from D to A. TSA has now covered all revenue collecting agencies, EBUs and SOEs accounts since 2019. The TSA daily reconciliation covers all central government accounts that is the reason for the improvement.
		2.Suspense accounts	NA	No suspense accounts exist.	B	Reconciliation of suspense accounts takes place at least quarterly within one month from the end of each quarter.	There is improvement in accounts management since 2019 and as a result there are no longer suspense accounts.
		3.Advance accounts	A	Advances are reconciled and cleared monthly. Advances on procurement contracts are withheld from subsequent payments on a pro rata basis	A	Reconciliation of advance accounts takes place at least monthly, within a month from the end of each month.	There is no change in score since the previous PEFA.
		4.Financial data integrity processes	A	Access to records and changes are strictly controlled by the Center of Information Technology. All changes are recorded and leave a	B	The GFMIS systems generates audit trail, which is supervised regularly by the	The special authorization and control unit, Center of Information Technology, became operational since the

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				traceable audit trail.		IT department. However, a specific control entity is not in place yet.	2019 assessment. The Center supervises the system and is the factor for the score improvement.
	PI-28	**In-year budget reports**	**B+**		C+		
		1.Coverage and comparability of reports	A	Classification of data allows direct comparison to the original budget. All budget items are covered.	A	Classification of data allows comparison to original budget for all items of expenditure.	There is no change in score since the previous PEFA
		2.Timing of in-year budget reports	B	Quarterly budget execution reports are developed within 4 weeks after quarter ends	C	Budget execution reports are prepared quarterly and issued within 8 weeks from the end of each quarter.	The less time taken to issue the quarterly reports has increased the score to B.
		3.Accuracy of in-year budget reports	B	There are no material concerns regarding data accuracy. Quarterly budget execution reports present comprehensive analysis. Information on expenditures are presented at payment stage	C	There are no major concerns regarding data accuracy. Problems about data are not mentioned in reports, but they seem to be insignificant. Data on expenditure is provided at the payment stage. Analysis is made quarterly.	It is likely that the previous PEFA should have been scored B given the summary so technically there may have been no change as there are no material concerns and information on expenditures are presented at payment and original budgeted (plan) stage in both PEFAs.
	PI-29	**Annual financial reports**	**C+**		D+		
		1.Completeness of annual financial reports	C	Annual financial report contains information on revenues and expenditures, cash flow statement, financial assets, non-financial assets, short- and long-term liabilities. Information of revenues and expenditure is compared against approved budget. There is no information on	D	Annual reports for budgetary central government are prepared annually and are comparable with the approved budget. They include information on revenue, expenditure, but	The score has improved as the annual financial report contains information on revenues and expenditures; cash flow statement; Financial and non-financial assets, short- and long-term liabilities, but not information on

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				Guarantees.		not cash balances.	Guarantees.
		2.Submission of reports for external audit	B	2023 Financial reports for budgetary central government were submitted to the Chamber of Accounts within 4 months after the end of the fiscal year.	B	Financial reports for budgetary central government are submitted for external audit within 6 months of the end of the fiscal year.	There is no change in the score.
		3.Accounting standards	C	All financial reports are consistent with country's legal framework and ensure consistency. Some (28%) of IPSAS standards are incorporated in the national accounting standards. Information on applied standards is disclosed.	D	Annual statements do not contain the disclosures of accounting policies such as full disclosures of financial assets and liabilities that are required by IPSAS standards.	There is an improvement in the score as information of applied standards is now disclosed in the notes of the financial statements.
External scrutiny and audit	**PI-30**	**External audit**	**B+**		C+		
		1.Audit coverage and standards	B	Chamber of Account mandate covers most revenues, expenditures, assets and liabilities of all central government institutions. National standards based on ISSAI are used. Audit reveals relevant material issues and systematic and control risks	C	The external audit covers all central government entities representing all total expenditures and revenue applying national standards in FY 2015, 2016 and 2017. Conclusions are made on the execution of the budget identifying weaknesses as well as outlining instructions for their rectification. The Chamber of Accounts report does not cover material issues and systemic and	There is no change in the score since the previous PEFA.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
						control risks	
		2.Submission of audit reports to the legislature	A	Audit reports were submitted to the Parliament within three months from receipt of the financial reports by Chamber of Accounts for the last three completed fiscal years.	A	The audit reports are submitted to the legislature within forty days from the receipt of the financial reports by the Chamber of Accounts.	The audit coverage has increased since the previous PEFA.
		3.External audit follow-up	A	Audited units effectively follow up on audit findings and recommendations during last three years.	B	Instructions with Road Map of recommendations are issued by the Chamber of Accounts. The executive is obliged to implement and report on timely manner (usually within one month). There is formal response which is comprehensive. Follow up audit to monitor implementation of audit recommendations is carried out in December following the completed and audited financial year.	There is an improvement in the incidence of follow up to recommendations.
		4.Supreme Audit Institution (SAI) independence	A	Independence from executive is ensured by the law. Independence is effective in relation of procedures of appointment and dismissal of the Chair, planning of audit engagements, arrangements for publicizing of reports, planning and the execution of CoA	B	The Chamber of Accounts is independent from the executive for (i) appointment and removal of SAI Head, (ii) annual audit plan, (iii) the contents and publishing of the audit report and for (iv) execution of its budget. Chamber of Accounts has full	The budget approval is now made outside of the overall annual budget.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
				budget. CoA has unrestricted and timely access to records, documentation and information for all audited entities.		and unrestricted access to records, documents and information for all audited entities. The law on the Chamber of Accounts is still in progress of approval.	
	PI-31	**Legislative scrutiny of audit reports**	**C+**		C		
		1.Timing of audit report scrutiny	A	Financial audit reports on annual budget execution were reviewed by Parliament within 2 months period after the receipt of the reports during last three years.	A	The comprehensive scrutiny of the annual audited budget execution report is usually completed by the legislature within two months from the receipt of the report.	There is no change in the score since the previous PEFA.
		2.Hearings on audit findings	C	With the exception of mandatory audit reports, other audit reports are submitted to the Parliament occasionally. Representatives of audited institution, Ministry of Economy and Finance and Parliament Committee take part in the Committee hearings.	C	In-depth hearings on key findings take place with 85% of the audited entities where relevant issues have been identified in the instructions of the audit report (there is no audit opinion concept). The hearings follow a consistent pattern - every year representatives are invited from the audited entities and the Chamber of Accounts. A list of attendees has been provided as evidence.	There is no change in the score since the previous PEFA.

			Current assessment		Previous assessment (PEFA 2016 framework)		
Pillar	Indicator/Dimension		Score	Description of requirements met	Score	Description of requirements met	Explanation of change (including comparability issues)
		3.Recommendations on audit by the legislature	D	Parliament does not issue recommendations in relation to the Chamber of Accounts audit reports.	D	Recommendations on audit are made by the legislature but there is s no record of the decisions on actions to be implemented by the executive in relation to the conclusions of the Chamber of Accounts on the annual execution of the State Budget. There is no monitoring on implemented recommendations made by the legislature.	There is no change in the score since the previous PEFA.
		4.Transparency of legislative scrutiny of audit reports	B	All Parliament committee and plenary sessions (except sessions related to national security issues) are transmitted online. Committee reports are provided to the plenary session. Reports are published at parliament website.	D	The parliamentary proceedings and the approval of the audit reports are covered by the mass media. The audits are debated in the full chamber. The legislative committee issues an ordinance on the approval of the Chamber of Account's audit report on the execution of the state budget (evidence provided) but it is not published.	There is an improvement in the score as all Legislative chamber and Senate sessions, including committee hearings (except ones reviewing national security issues), are now open and transmitted live by media and online.

Annex 2: Summary of observations on the internal control framework

Internal control components and elements	Summary of observations
1. Control Environment	
1.1 The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organization	The legal basis for internal control is established. This is implemented through the Central Harmonization Unit, the State Financial Control Inspectorate and the Ministry of Information Technologies and Communications Development. These all promotes the establishment and development of public internal financial control systems at different stages with coordination and harmonization policies and procedures. This includes developing and promoting the personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organization.
1.2 Commitment to competence	The existence of the three units indicates a commitment to competence in implementing internal controls and is evidenced by the A scores in PIs 23 and 25, 27 and B+ in PI-26.
1.3 The “tone at the top” (i.e. management’s philosophy and operating style)	There is a positive approach to implementing internal controls as evidenced by the organizational structure. This is continuously strengthened by ensuring that there is greater response to recommendations. The oversight and scrutiny of Parliament with respect to Audit Reports also provides a strong leadership tone.
1.4 Organizational structure	The roles of the various parties involved in the financial management control system are established in the regulations relating to Central Harmonization Unit, the State Financial Control Inspectorate and the Ministry of Information Technologies and Communications Development. These together promote the establishment and development of public internal financial control systems and carries out coordination and harmonization policies and procedures. Public sector units have an organizational structure that enables the achievement of the objectives and compliance with the functions assigned by legislation. These are presented in documentary form, stating clearly the rules for determining and segregating tasks, duties, and responsibilities, as well as hierarchy and appropriate reporting lines.
1.5. Human resource policies and practices	A cadre of professionals in internal audit and financial control is in place and follows standard public sector policies and practices.
2. **Risk assessment**	
2.1 Risk identification	Several PIs are related to the extent to which risks are identified, notably: **Economic Analysis of Investment Proposals is rated C in 11.1** – Economic analyses are conducted to assess investment projects. They are independently reviewed by the Ministry of Economy and Finance but are not published. **Debt Management Strategy is rated D in 13.3** – The Debt Management Strategy is said to include the measures and actions to be taken to ensure the implementation of effective debt management policy. However, this is an internal document. **Macro-fiscal sensitivity analysis is rated B in 14.3 –** The government prepares the scenarios of fiscal forecasts on the basis of alternative macroeconomic assumptions. Government prepares two macroeconomic scenarios based on different assumptions for internal use – only basic scenario assumptions and outcomes are presented in the budget

Internal control components and elements	Summary of observations
	documentation **Revenue Risk Management is rated A in 19.2** – The Tax and Customs Committees use a comprehensive, structured and systematic approach for assessing and prioritizing compliance risks for taxpayers. **Cash Flow Forecasting and Monitoring is rated A in 21.2** - A cash flow forecast is prepared annually for the fiscal year, broken down by months and updated monthly on the basis of actual cash inflows and outflows. **Implementation of internal audits and reporting is rated B in 26.3** The annual internal audit plan is developed on the basis of risk analysis. Ad hoc internal audits are also carried out based on identified risks. In 2023 86% of planned audits were completed although a further 576 unplanned audits were also conducted.
2.2 Risk assessment (significance and likelihood)	Risk identification in 2.1 above shows that risk is assessment is the basis for identification and audit selection
2.3 Risk evaluation	Based on the CHU information during audit plans have been mostly implemented and ad hoc audits also carried out. All changes to the original audit plan have been approved by the head of the organization based on justification. Internal auditor submits their reports to the Minister and the head of the public entity audited **(Implementation of internal audits and reporting – 26.3 rated B**). Quality Assessment System for Internal Audit Activities is carried out by all subjects of the internal audit **(Nature of internal audits and standards applied – 26.2 rated A).**
2.4 Risk appetite assessment	The development and implementation of identification and assessment of risk indicates a positive risk appetite across expenditure and revenue aspects of public financial management. This is evidenced by the selection process for Revenue Audits, Internal Audit and External Audit covering both revenue and expenditure.
2.5 Responses to risk (transfer, tolerance, treatment, or termination)	Standard public sector HR policies are in place throughout the areas of control.
3 Control activities	
3.1 Authorization and approval procedures	**Financial data integrity processes are rated A in 27.4.** Access and changes to records is restricted and recorded, and results in audit trail. **Recording and reporting of debt and guarantees are rated B in 13.1.** Domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled quarterly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced annually. **Approval of debt and guarantees are rated A in 13.2.** Primary legislation grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity. Documented policies and procedures provide guidance to borrow, issue new debt and undertake debt-related transactions, issue loan guarantees, and monitor debt management transactions by a single debt management entity. Annual borrowing must be approved by the government or legislature. **Effectiveness of expenditure commitment controls is rated A in 25.2.** Commitment control applies to all payments made from the Treasury Single Account. Actual expenditures incurred is in line with approved budget

Internal control components and elements	Summary of observations
	allocations and does not exceed committed amounts and projected available cash resources. **Integration of payroll and personal records is rated A in 23.1.** Personnel databases (payroll and records) are in the UzASBO system that is managed by the Treasury. Personnel and payroll records are reconciled at least monthly, before salaries are paid to staff bank accounts. **Management of payroll changes is rated A in 23.2**. Personal records are updated monthly in time for the month's payments. Updates are real-time and reflected in the payroll module of UzASBO. **Compliance with payroll payment rules and procedures is rated A in 23.3.** Changes to the payroll records, are restricted to only authorized persons. The changes are certified by an authorized person and approved by the head of the unit. In addition, for remuneration changes, these must be approved by the Treasury. There is an audit trail of payroll changes as supporting documentation are kept, and there are access controls for authorized persons to get into the UzASBO system that require password and digital keys. Internal and external auditors assess payroll risk as low hence integrity of payroll data is high.
3.2 Segregation of duties (authorizing, processing, recording, reviewing)	**Segregation of duties is rated A in 25.1.** Segregation of duties is prescribed throughout the expenditure process with responsibilities clearly laid out at different levels in the GFMIS and UzASBO systems
3.3 Controls over the access to resources and records	**Compliance with payment rules and procedures is rated A in 25.3.** Compliance with payment rules and procedures is very high. **Financial data integrity processes are rated A in 27.4.** Access and changes to records is restricted and recorded, and results in audit trail.
3.4 Verifications	**Accuracy of in-year budget reports which is rated B in 28.3.** There are no material concerns regarding data accuracy following discussions with Parliament's Budget Office and the State Audit Office. An analysis of the budget execution reports is done quarterly by Parliament's Budget Office that issues a report to the Budget and Finance Committee of Parliament. Information on expenditure is covered at the payment stages in the e-Treasury system.
3.5 Reconciliations	**Banks account reconciliations are rated A in 27.1.** Bank reconciliations for all active central government bank accounts takes place daily. There are no longer any suspense accounts that need to be reconciled.
3.6 Reviews of operating performance	**Revenue audit and investigations are rated A in 19.3.** The Tax and Customs Committees undertake audits and fraud investigations based on risk factors for audit selection managed and reported on according to a documented compliance improvement plan. All audits and investigations are completed.
3.7 Reviews of operations, processes and activities	**Procurement monitoring is rated A in 24.1.** Databases or records are maintained for all contracts including data on what has been procured, value of procurement, and who has been awarded contracts. The data are accurate and complete for all procurement methods for goods, services and works. All procurement is managed electronically.
3.8 Supervision (assigning, reviewing, and approving, guidance and training)	The audit trail in place indicates a supervisory focus. Personnel development through mentoring and training is in place.
4. Information and communication	The management information systems for financial and nonfinancial information are across central government organizations and are fully functioning and comprehensive. All organizations are included in the Single

Internal control components and elements	Summary of observations
	Treasury Account. There is a monthly budget execution report that is published. The procurement information system is centralised and covers all government entities.
5. Monitoring	
5.1 Ongoing monitoring	The Assessment highlighted a number of areas related to ongoing monitoring activities: **Resources received by service delivery units is rated A in 8.3.** The information on the resources received by the service providers is collected and recorded in case of all programs. This is conducted through the TSA and accounting system. **Monitoring of public corporations is rated B in 10.1.** Audited annual financial statements for the largest public corporations are published within nine months of the end of the fiscal year. The State Assets Management Agency is responsible for monitoring SOEs. **Monitoring of subnational governments is rated A in 10.2.** The report on the execution of the local budgets is subjected to external audit and evaluation by the Accounts Chamber. **Contingent liabilities and other fiscal risks is rated D in 10.3.** There is an annual Fiscal Risk report that quantifies contingent liabilities covering macroeconomic risks, risk from PPP, climate changes, pandemics and natural disasters but it has yet to be published. A separate Climate Fiscal Risk report is produced by MOEF Macro department. **Investment project monitoring is rated A in 11.4.** The total cost and physical progress of major investment projects are monitored by the implementing government unit. Information on implementation of major investment projects is prepared annually. **Quality of central government financial asset monitoring is rated A in 12.1.** The government maintains a record of its holdings in all categories of financial assets, which are recognized at their acquisition cost and in rare cases at fair (market) value. Information on the performance of the major categories of financial assets is published annually. **Quality of central government nonfinancial asset monitoring is rated A in 12.2.** The government maintains a register of its holdings of fixed assets, and information on their usage and age. **Revenue arrears monitoring is rated A in 19.4.** The stock of revenue arrears at the end of the last completed fiscal year is low as is the revenue arrears older than 12 months. **Expenditure arrears monitoring is rated A in 22.2.** **Procurement monitoring is rated A in 24.1.** Databases or records are maintained for all contracts including data on what has been procured, value of procurement, and who has been awarded contracts. The data are accurate and complete for all procurement methods for goods, services and works. **Implementation of internal audits and reporting is rated B in 26.3.** 86 percent of the audit plan has been implemented. In addition, ad hoc audits are carried out. All changes to the original audit plan have been approved by the head of the organization based on justification. Internal auditor submits their reports to the Minister and the head of the public entity audited.
5.2 Evaluations	**Performance evaluation for service delivery is rated C in 8.4. Investment project selection is rated A in 11.2.**

Internal control components and elements	Summary of observations
5.3 Management responses	**Response to internal audits is rated A in 26.4.** Management responds to audit recommendations for all entities audited within twelve months of the report being produced. **External audit follow-up is rated A in 30.3.** Formal responses are made by the audited entities on audits for which follow up was expected during the last three completed years.

Annex 3: Sources of information by indicator

Annex 3A: Related surveys and analytical work

No	Institution	Document title	Date	Link
1	UNDP	Development Finance Assessment for the Republic of Uzbekistan	2020	www.uz.undp.org
2	UNDP	Climate public expenditure and institutional review: Uzbekistan	2023	www.uz.undp.org
3	UNICEF and UNDP	Assessment of Ongoing Work to Implement Programme-Based Budgeting in Uzbekistan Jörg Nadoll, International PFM Consultant	January 2023	

Annex 3B List of government officials

Name[76]	Position	Institution
Mr. Akhadbek Khaydarov	Deputy Minister	Ministry of Economy and Finance
Mr. Sherzod Muxamedov	Director	State Budget Department Ministry of Economy and Finance
Mr. Shohruh Ishankulov	Deputy Director	State Budget Department Ministry of Economy and Finance
Gafurov Shukhrat	Head	Macroeconomic Policy Department Ministry of Economy and Finance
Olimjonov Zarifjon	Director	Debt Management Department Ministry of Economy and Finance
Ibragimov Zukhriddin	Director	Fiscal Risk Department Ministry of Economy and Finance
Sattorov Shoxzod	Chief specialist	Public Procurement Policy Department Ministry of Economy and Finance
Ikramov Islom	Head	Budget Process Development Division State Budget Department Ministry of Economy and Finance
Jakhongir Shodiev	Chief Specialist	State Budget Policy Department Ministry of Economy and Finance
Jabborov Azamat	Head	Department of Development and Coordination of Internal Audit Structures of State Bodies Ministry of Economy and Finance
Jaloliddinov Mamirjon	Head of Division	Department of Development and Coordination of Internal Audit Structures of State Bodies Ministry of Economy and Finance
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Ibragimov Elmurod	Head	Budget process development and accounting methodology department Ministry of Economy and Finance
Abduraxmonov Sardor	Head	State Budget Revenue Forecasting Department Ministry of Economy and Finance
Xen Eduard	Head	Department for Investment Methodology Ministry of Economy and Finance
Jasurbek Zokirov	Deputy Director	Public Procurement Policy Department Ministry of Economy and Finance
Saidjon Kodirov	Head	State Assets Coordination Department Ministry of Economy and Finance
Naima Nuritdinova	Head of Division	Strategic Asset Transformation Department Ministry of Economy and Finance
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Akmaljon Ganiev	Head of Division	Macroeconomic Modeling, Forecasting and Analysis Department Ministry of Economy and Finance
Shavkat Samadov	Head of Division	Macroeconomic Modeling, Forecasting and Analysis Department Ministry of Economy and Finance
Mr. Sharofiddin Nazarov	Chairman	Committee of the Legislative Chamber of the OLIY MAJLIS on Budget and Economic Issues
Mr. Jamshid Kosimov	Member	Committee of the Legislative Chamber of the OLIY MAJLIS on Budget and Economic Issues
Mr. Javlonbek Ergashev	Member	Committee of the Legislative Chamber of the OLIY MAJLIS on Budget and Economic Issues
Mr. Murodbek Atadjanov	Chairman	Treasury Services Committee
Davronbek Bobojonov	Head	Strategic Planning Department Tax Committee
Mr. Faxriddin Kupaysinov	Head	Finance and Economy Department Tax Committee
Mr. O’ktam Shamsiyev	Head	Internal Audit Department Tax Committee
Mr. Umid Azizov	Head	International Tax Relations Department Tax Committee
Mr. Suhrob Ulashev	Head	Customs Payment Department Customs Committee
Mr. Odil Mamajonov	Head	International Department Customs Committee
Mr. Jamshid Isomurodov	Chief Inspector	Customs Valuation Division Customs Committee
Mr. Rustamkhon Azizov	Deputy Director	State Assets Management Agency
Muzaffar Astonakulov	Head of Department	State Assets Management Agency
Baxtibay Toreyev	Chief Specialist	State Assets Management Agency
Xusan Utkirbekov	Chief Secialist	State Assets Management Agency

[76] who were met by the Assessment Team and/or responded to the information questionnaire.

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Rustamkhon Azizov	Deputy Director General	Agency for Strategic Reforms
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Shohruh Abdullayev	Chief specialist	Accounting and Reporting Division Ministry of Higher Education, Science and Innovation
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Rabbimkul Rakhmanov	Chief specialist	Internal Audit Service Ministry of Health
Dmitriy Pak	Deputy Head	Finance Department Ministry of Investments, Industry and Trade
Murodjon Chutboyev	Officer	Finance Department Ministry of Investments, Industry and Trade
Husniddin Mustafoyev	Director	Internal Audit and Financial Control Department Ministry of preschool and school education
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Mekhriddin Abdullayev	First Deputy Governor	Chamber of Accounts
Sardor Mirzayev	Head	Remote Control and Risk Analysis Sector Chamber of Accounts
Sardor Hasanov	Lawyer	Chamber of Accounts
Kudrat Erimbetov	Chief inspector	Chamber of Accounts
Sardor Usmanov	Chief inspector	Chamber of Accounts
Norbek Madaminov	Lead inspector	Chamber of Accounts
Sokhib Kenjayev	Lead inspector	Chamber of Accounts
Dr Umidbek Safarov	Deputy Chairman	Chamber of Commerce and Industry
Mr. Fayzullo Salahutdinov	Project Manager	UNDP

Participants in the PEFA Workshop (25th of January)

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1	Xaydarov Axadbek Yaxyobekovich	Deputy Minister
2	Muxamedov Sherzod Dilmuratovich	Director of the State Budget Policy Department
3	Atadjanov Murodbek Bekberganovich	Chairman of the Treasury Service Committee
4	Pulatov Dilshod Xakberdiyevich	Director of Institute of Budget-Tax Scientific Research under the Ministry of Economy and Finance of the Republic of Uzbekistan
5	Eshchanov Adxam Baxodirovich	Director of Economics and Finance of Social Sectors Department
6	Mamanov Ruslanbek Abduxalikovich	Director of the Department of the Local Budget System
7	Sadullayev Samandar Asadovich	Director of the Budget Policy Department in the field of financing of state development programs and management of infrastructure funds
8	Djurayev Numon Rustamovich	Director of the Digital Technology Coordination Department
9	Zaxidov Alisher Artikmuratovich	Director of the Financial Support for Agricultural Reforms Department
10	Olimjonov Zarifjon Zoirjon o'g'li	Director of the Public Debt Department
11	Ishankulov Shohruh Feruzjonovich	Deputy Director of the State Budget Policy Department
12	Tursunov Zoxidxuja Orifovich	Deputy Director of the Pension fund under the Ministry of Economy and Finance of the Republic of Uzbekistan
13	Jurayev Lazizjon Egamberdiyevich	Head of the Financial Support of State Administration, Authorities and Other Bodies Division
14	Narzullayev Bekzod Xolmirzayevich	Head of the Budget Process Development and Accounting Methodology Division
15	Artikov Baxtiyorjon Maxkamovich	Head of the Budget Policy Division
16	Jabborov Azamat Alijonovich	Head of the Development and Coordination of Internal Audit Structures of State Bodies Division
17	Abduraxmonov Sardor Alijonovich	Head of Tax and Customs Policy Division
18	Umarova Ravshana Rasul kizi	Head of Information Service
19	Ikramov Islom Ismoilovich	Head of Budget Process Development Division
20	Raximov Jaxongir Abduxakimovich	Leading Specialist (Economy, Finance and Tariff Policy of Basic Sectors of Industry, Fuel and Energy Complex and Mining and Metallurgical Enterprises Department)
21	Shodiev Jakhongir Shabon ugli	Leading Specialist (State Budget Policy Department)
Senate of the Oliy Majlis of the Republic of Uzbekistan		
22	Tursunov Kobul Beknazarovich	Deputy Chairman of the Committee on Budget and Economic Reforms
23	Umarov Baxtiyor Ganiyevich	Member of the Senate
Legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan		

24	Axmedov Durbek Qudratillayevich	Deputy Chairman of the Budget and Economic Reforms Committee
25	Pak Viktor Nikolayevich	Member of the Budget and Economic Reforms Committee
President Administration of the Republic of Uzbekistan		
26	Siddikov Jahongir	Specialist
Account Chamber of the Republic of Uzbekistan		
27	Mirzayev Sardor	Specialist
Cabinet of Ministers of the Republic of Uzbekistan		
28	Nazarov Sarvar Zafarovich	Specialist
Ministry of Agriculture of the Republic of Uzbekistan		
29	Qulmirzayevich Soatmurod Xoʻjanazarovich	Director of Finance and Economics Department
30	Ashurov Faxriddin Xushvaktovich	Head of Division (Finance and Economics Department)
Ministry of Health of the Republic of Uzbekistan		
31	Boymirov Eldor Erkinovich	Head of Internal Audit Service
32	Yusupova Gulnoza Bektashovna	Chief specialist (Finance and Economics Department)
Ministry of Preschool and School Education of the Republic of Uzbekistan		
33	Mustafoyev Husniddin Murodullayevich	Director of the Internal Audit and Financial Control Department
34	Uchqurov Abdugaffor Shavkat ugli	Head of the Department of Financing of Specialized Educational Institutions of the Department of Finance and Economics
Statistics Agency under the President of the Republic of Uzbekistan		
35	Bobojonov Oybek Qaxramon ugli	Head of Internal Audit Service
36	Ruzmatov Farrux Nematjonovich	Head of the Department of Economic Analysis and Finance
Tax Committee		
37	Shamsiyev Uktam Sayfitdinovich	Deputy Director of Internal Audit Department
38	Maxammadjonov Nasibullo Xabibulo ugli	Deputy Head of Finance and Economics Department
39	Kamalov Alisher Ismatullayevich	Head of Division (Finance and Economics Department)
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40	Xusanov Nodirbek Djummayevich	First deputy director
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6	Narzullayev Bekzod Xolmirzayevich	Head of the Budget Process Development and Accounting Methodology Division
7	Jabborov Azamat Alijonovich	Head of the Development and Coordination of Internal Audit Structures of State Bodies Division
8	Gʻaniyev Baxtiyor Abduqahhor ugli	Head of Division (Chairman of the Treasury Service Committee)
9	Madraimov Tursunbay Urazbayevich	Head of Division (Chairman of the Treasury Service Committee)
10	Xusainov Mamed Akbarovich	Head of Division (Economics and Finance of Social Sectors Department)
11	Ikramov Islom Ismoilovich	Head of Budget Process Development Division
12	Bakaybayeva Aynura Seylbekovna	Head of Gender and Green Budgeting Methodology Division
13	Ulugov Bekzod Tulkunovich	Head of the State Financial Statistics and Budget Transparency Division
14	Jaloliddinov Mamirjon Maxmudjon ugli	Head of Division (State Budget Policy Department)
15	Aminov Farrux Murodovich	Head of Division (Local Budget System Department)
16	Abduraxmonov Qaxramon Abdumajitovich	Head of Division (Economics and Finance of Social Sectors Department)
17	Asadov Dalerjon Fayzullayevich	Head of Division (Budget Policy Department in the field of financing of state development programs and management of infrastructure funds)
18	Mirzajonova Dilorom Teshaboyevna	Head of Division (Digital Technology Coordination Department)
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20	Fayzullayev Sardor Suvofqul ugli	Head of Division (Pension fund under the Ministry of Economy and Finance of the Republic of Uzbekistan)
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24	Alisherov Jasurbek Akbar oʻgʻli	Chief specialist (Macroeconomic Modeling, Forecasting and Analysis Department)
25	Rashidov Azizjon Nabijon oʻgʻli	Chief specialist (State Budget Policy Department)
26	Parmonov Muxammad Mannon oʻgʻli	Chief specialist (Public Debt Department)
27	Ahmadjonov Shuxratjon Raximjon oʻgʻli	Chief specialist (Public Debt Department)
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30	Abdraymova Shaxnoza Kurbanbay kizi	Chief specialist (Digital Technology Coordination Department)

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33	Xudaynazarov Bekzod Akramovich	Chief specialist (Financial Support for Agricultural Reforms Department)
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37	Abduraxmanova Firuza Izatulla kizi	Chief specialist (Information Service)
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40	Islomov Farruxjon Farmon ugli	Leading specialist (State Budget Policy Department)
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47	Jurayev Ilhom Samadovich	Head of Division
48	Albekov Olim Anvarovich	Deputy Head of Division
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	Tax Committee under the Cabinet Of Ministers	
55	Shamsiyev Uktam Sayfitdinovich	Deputy Director of Internal Audit Department
56	Kasimov Abror Alijonovich	Chief Inspector
57	Zuparova Nargiza Okuldjanovna	Chief Inspector
	Customs Committee	
58	Amirova Alina Ramzilevna	Chief Inspector
59	Rustamov Jurabek Azamatovich	Chief Inspector
	State Assets Management Agency of the Republic of Uzbekistan	

60	Toreyev Baxtibay Barlikbayevich	Chief economist
61	Utkirbekov Xusan Utkirbekovich	Chief economist

Annex 3C: Sources of information used to extract evidence for scoring each indicator

Indicator/dimension	Data Sources
Budget reliability	
PI-1. Aggregate expenditure outturn 1.1. Aggregate expenditure outturn	Data from Ministry of Economy and Finance
PI-2. Expenditure composition outturn 2.1. Expenditure composition outturn by function 2.2. Expenditure composition outturn by economic type 2.3. Expenditure from contingency reserves	Data from Ministry of Economy and Finance
PI-3. Revenue outturn 3.1. Aggregate revenue outturn 3.2. Revenue composition outturn	Data from Ministry of Economy and Finance
Transparency of public finances	
PI-4. Budget classification 4.1 Budget classification	The Budget Code of the Republic of Uzbekistan (2013), Chapter 3 "Budget classification" articles 18-24 defines the key provisions on budget classification. https://lex.uz/uz/docs/2304138?otherlang=1 Budget classification instruction - was approved by the Order of the Ministry of Finance #65 (on August 20, 2010) "On the approval of the instruction on the application of the budget classification" (Registered by the Ministry of Justice of the Republic of Uzbekistan on October 11, 2010 (#2146)) https://lex.uz/docs/1688892 Instruction on budget classification (reg. № 2146) 2019 https://lex.uz/docs/4671945
PI-5. Budget documentation 5.1 Budget documentation	Budget address to Parliament https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf
PI-6. Central government operations outside financial reports 6.1. Expenditure outside financial reports 6.2. Revenue outside financial reports 6.3. Financial reports of extra-budgetary units	Explanation of coverage of budget which includes all autonomous entities
PI-7. Transfers to subnational governments 7.1. System for allocating transfers 7.2. Timeliness of information on transfers	Data on transfers from Ministry of Economy and Finance Evidence of timing of releases from Ministry of Economy and Finance
PI-8. Performance information for service delivery 8.1. Performance plans for service delivery 8.2. Performance achieved for service delivery 8.3. Resources received by service delivery units 8.4. Performance evaluation for service delivery	Data from MOEF Strategy "Uzbekistan - 2030" https://lex.uz/docs/6600404 President Decree https://lex.uz/docs/5193210 President Decree No. PD-73 https://lex.uz/docs/5801136?otherlang=3 President Decree No. PD-422 https://lex.uz/docs/6721185

	Resolution No. 4 "On approval of the regulations on the procedure for developing, monitoring and assessing the effectiveness of budget programs" https://lex.uz/docs/6728807 President Decree https://lex.uz/docs/6721185 Chamber of Accounts performance indicators audits https://ach.gov.uz/uz/lists/view/336 and https://ach.gov.uz/uz/lists/view/337
PI- 9. Public access to fiscal information	2024 draft budget https://www.imv.uz/news/category/yangiliklar/post-1696 and https://api.mf.uz/media/filestore/Қонун_иловалари_merged.pdf 2024 budget approved and was published https://lex.uz/docs/6707805 and https://openbudget.uz/budget-system Quarterly reports https://www.imv.uz/static/choraklik-2 https://www.imv.uz/static/davlat-budjeti-xarajatlari-2 https://www.imv.uz/static/davlat-budjeti-daromadlari-2 https://openbudget.uz/incomes https://openbudget.uz/outcomes 2023 annual budget execution report https://www.imv.uz/static/yillik-2 and https://api.mf.uz/media/menu_attachments/2022_yil_budjet_ijrosi.pdf Audited financial report http://www.ach.gov.uz/uz/lists/view/295 and https://ach.gov.uz/uploads/dc70d371-69ea-3346-45ac-d3c217a6f4df.pdf Pre budget statement https://www.imv.uz/newsletter/fuqarolar-uchun-budjet-nashrlari and https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf Summaries of findings of individual audit reports https://ach.gov.uz/uz/lists/view/348 https://ach.gov.uz/uz/lists/view/296 https://ach.gov.uz/uz/lists/view/298 https://ach.gov.uz/uz/lists/view/303 https://ach.gov.uz/uz/lists/view/353 https://ach.gov.uz/uz/lists/view/312 https://ach.gov.uz/uz/lists/view/354 Citizen's budget https://www.imv.uz/newsletter/fuqarolar-uchun-budjet-nashrlari Macroeconomic forecasts https://lex.uz/docs/6707805 and
9.1. Public access to fiscal information	

	https://openbudget.uz/budget-system
Management of assets and liabilities	
PI-10. Fiscal risk reporting 10.1. Monitoring of public corporations 10.2. Monitoring of sub-national government 10.3. Contingent liabilities and other fiscal risks	Discussion with State Asset Management Agency and Consolidated report https://davaktiv.uz/uz/news/davlat-mulkini-boshqarish-togrisidagi-qonunga-muvofiq-tayyorlangan-davlat-ishtirokidagi-korxonalarning-faoliyati-natijadorligi-va-davlat-mulkidan-foydalanish-holati-togrisidagi-yigma-hisobot Discussion with MOEF Department monitoring SOEs Samples of SOE Audited Financial Statement https://agmk.uz/en/menu/ifrs-ammc and https://tpp.uz/en/page/audit-reports Discussion with MOEF Department monitoring SNs The consolidated report of *the* External Audit of the Execution of the State Budget http://www.ach.gov.uz/uz/lists/view/295 Items relating to local budgets are in section 4.4 (pages 8-10, 62-63, etc.). Discussion with MOEF Fiscal Risk Department
PI- 11. Public investment management 11.1. Economic analysis of investment proposals 11.2. Investment project selection 11.3. Investment project costing 11.4. Investment project monitoring	Discussion with Ministry of Economy and Finance Feasibility Study Guidance https://old.lex.uz/docs/5978704 and https://old.lex.uz/docs/3823562 System for conducting the examination of feasibility studies (TES) and technical and economic calculations No. PD-332 (https://lex.uz/en/docs/6130749). Presidential Decree on measures to improve the efficiency of preparation and implementation of projects No PD-3857 https://old.lex.uz/docs/3823562. Investment selection criteria https://lex.uz/docs/5768536 Information on monitoring https://data.egov.uz/rus/data/64dc985bb04a41cb2e29d57d
PI-12. Public asset management 12.1. Financial asset monitoring 12.2. Nonfinancial asset monitoring 12.3. Transparency of asset disposal.	Discussion with Accounts Department Ministry of Economy and Finance Discussion with State Assets Management Agency Data from Ministry of Economy and Finance Form No. 1 of the Financial Statements details in Section II Financial Assets by type held in the Government Accounts. Examination of a sample of audit reports shows

	equity measured at initial value of equity adjusted for profit (retained after dividends) or loss Chapter 92, Appendix 9 of the Financial Statements on the movement of non-financial assets detailing value at the start and end of the financial year Consolidated report on the performance of enterprises with state participation and the status of utilization of state property https://davaktiv.uz/en/news/davlat-mulkini-boshqarish-togrisidagi-qonunga-muvofiq-tayyorlangan-davlat-ishtirokidagi-korxonalarning-faoliyati-natijadorligi-va-davlat-mulkidan-foydalanish-holati-togrisidagi-yigma-hisobot
PI-13. Debt management 13.1. Recording and reporting of debt and guarantees 13.2. Approval of debt and guarantees 13.3. Debt management strategy	Discussion with State Debt Department Ministry of Economy and Finance Debt Law https://old.lex.uz/docs/6446825 Law On the Public Debt Debt Report *https://api.mf.uz/media/document_files/State_debt_2022__ENG_bHBBgRd.pdf*
Policy-based fiscal strategy and budgeting	
PI-14. Macroeconomic and fiscal forecasting 14.1. Macroeconomic forecasts 14.2. Fiscal forecasts 14.3. Macro-fiscal sensitivity analysis	**Macroeconomic forecasts** *https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf* 1-илова **Fiscal forecasts** *https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf chapter 3.5*
PI-15. Fiscal strategy 15.1. Fiscal impact of policy proposals 15.2. Fiscal strategy adoption 15.3. Reporting on fiscal outcomes	Data from Ministry of Economy and Finance *MOEF fiscal strategies for 2024-2026 and 2023-2025;* *https://openbudget.uz/api/v2/info/file/facb3fa3ebef9efdfb855d27a1f3196f ;* *https://openbudget.uz/api/v2/info/file/f8fbacf6edc18fabf973b4c99cacefad .* **Reporting on fiscal outcomes** *https://api.mf.uz/media/document_files/budjetnoma_2024-2026_u7oVHcU.pdf*
PI-16. Medium-term perspective in expenditure budgeting 16.1. Medium-term expenditure estimates 16.2. Medium-term expenditure ceilings 16.3. Alignment of strategic plans and medium-term budgets 16.4 Consistency of budgets with previous year's estimates	**Medium-term expenditure estimates** *Budget message for the 2024 annual budget of Uzbekistan, section 3.2.1; attachment 5. Fiscal strategy for 2023-2025, attachments 1 and 1a* Sector strategies *as adopted:* ПФ-6024-сон. 10.07.2020 йил; ПФ-5590-сон. 07.12.2018 йил; ПФ-5847-сон. 08.10.2019 йил.; ПФ-5712-й. 29.04.2019 йил.; ПФ-5853-сон. 23.10.2019 йил.; ПҚ-4796-сон. 03.08.2020 йил.; ПФ-5997-сон. 19.05.2020 йил.; ПҚ-

	4850-сон. 06.10.2020 йил
PI-17. Budget preparation process 17.1. Budget calendar 17.2. Guidance on budget preparation 17.3. Budget submission to the legislature	Data and Discussions with MOEF Budget Department Budget Code
PI-18. Legislative scrutiny of budgets 18.1. Scope of budget scrutiny 18.2. Legislative procedures for budget scrutiny 18.3. Timing of budget approval 18.4. Rules for budget adjustments by the executive	Budget Code Legislative chamber of Uzbekistan Budget Scrutiny https://lex.uz/docs/60217#60737; https://lex.uz/docs/40283#6817109; Publicity https://youtube.com/@OliyMajlisQonunchilikpalatasi?si=GRt9ik4chqpYVtGX www.youtube.com/@senatuzb; t.me/senatuz; https://taplink.cc/oliymajlis Timing of budget approval https://lex.uz/docs/6707805; https://lex.uz/docs/6333242; https://lex.uz/docs/5801129
Predictability and control in budget execution	
PI-19. Revenue administration 19.1. Rights and obligations for revenue measures 19.2. Revenue risk management 19.3. Revenue audit and investigation 19.4. Revenue arrears monitoring	Discussion with Tax and Customs Committees Tax code of the Republic of Uzbekistan https/lex.uz/docs/5535180 Customs code of the Republic of Uzbekistan https//lex.uz/docs/5535133 Data from Tax and Customs Committees Discussion with Chamber of Commerce and Industry
PI-20. Accounting for revenues 20.1. Information on revenue collections 20.2. Transfer of revenue collections 20.3. Revenue accounts reconciliation	Discussion with Revenue Services on transfers, reconciliation and reports Tax Policy Department Monthly revenue reports
PI-21. Predictability of in-year resource allocation 21.1. Consolidation of cash balances 21.2. Cash forecasting and monitoring 21.3. Information on commitment ceilings 21.4. Significance of in-year budget adjustments	Discussion and data from Treasury Committee Ministry of Economy and Finance Law #LRU-885 on Supplementary budget for 2023
PI-22. Expenditure arrears 22.1. Stock of expenditure arrears 22.2. Expenditure arrears monitoring	Discussion and data from Treasury Committee Ministry of Economy and Finance
PI-23. Payroll controls 23.1. Integration of payroll and personnel records 23.2. Management of payroll changes 23.3. Internal control of payroll 23.4. Payroll audit	Discussion with State Treasury, MoF Department of Accounts and Central Harmonization Unit (Internal Audit). The part of UzASBO system with regards to personnel and payroll was demonstrated
PI-24. Procurement 24.1. Procurement monitoring 24.2. Procurement methods	Discussion with and data from the Procurement Department

24.3. Public access to procurement information 24.4. Procurement complaints management	Law on Public Procurement https://lex.uz/uz/docs/6121273 Article 78 on complaints resolution Web-portal of Public Procurement https://xarid.mf.uz/en/ Procurement plans https://xt-xarid.uz https://new.cooperation.uz https://tender.mc.uz
PI-25. Internal controls on non-salary expenditure 25.1. Segregation of duties 25.2. Effectiveness of expenditure commitment controls 25.3. Compliance with payment rules and procedures	Discussion with and data from Treasury Committee Ministry of Economy and Finance The UzASBO system was demonstrated https://invoice.uzasbo.uz/ Presidential resolution "On further increasing the efficiency of the State Budget of the Republic of Uzbekistan and improving the activities of public financial control Resolution of the President of the Republic of Uzbekistan of February 14, 2022, No. PP-128 Resolution of the CoM of March 24, 2022, No. 129 CoM Resolution of August 5, 2022, No. 431
PI-26. Internal audit 26.1. Coverage of internal audit 26.2. Nature of audits and standards applied 26.3. Implementation of internal audits and reporting 26.4. Response to internal audits	Discussion and data from Center for Harmonization Unit, Ministry of Economy and Finance https://lex.uz/docs/6136910 https://lex.uz/docs/5074562 plans of internal audit services and the results of audit activities davlatauditi.uz National Internal Audit Standards https://lex.uz/docs/6251620 Internal Audit Guidelines https://lex.uz/docs/6329874 certification of employees https://lex.uz/docs/6382777
Accounting and reporting	
PI-27. Financial data integrity 27.1. Bank account reconciliation 27.2. Suspense accounts 27.3. Advance accounts 27.4. Financial data integrity processes	Discussion and data from Treasury Committee Ministry of Economy and Finance The UzASBO system was demonstrated Advance Accounts *Government Resolution #329, dated November 20, 2020; Government Resolution #241 dated August 24, 2011*
PI-28. In-year budget reports 28.1. Coverage and comparability of reports 28.2. Timing of in-year budget reports 28.3. Accuracy of in-year budget reports	Discussion and data from Ministry of Economy and Finance Deadlines for the submission https://lex.uz/uz/docs/4176115 Quarterly reports *https://api.mf.uz/media/menu_attachments/2023_yil_1_chorak_budjet_ijrosi.pdf*;

	https://api.mf.uz/media/menu_attachments/2023_yil_6-oylik_budjet_ijrosi.pdf; *https://api.mf.uz/media/menu_attachments/2023_yil_9_oylik_budjet_ijrosi.pdf*
PI-29. Annual financial reports 29.1. Completeness of annual financial reports 29.2. Submission of the reports for external audit 29.3. Accounting standards	Discussion and data from Ministry of Economy and Finance 2023 consolidated financial report and 4 samples of Centre of Communications under the President Administration, Higher Council of Judges of Uzbekistan, International Islam Academy, Information Agency of the Ministry of Foreign Affairs) Roadmap for the implementation of IPSAS Accounting Standards https://old.lex.uz/docs/3083835;https://old.lex.uz/docs/4021369; https://old.lex.uz/docs/4176115; https://old.lex.uz/docs/4117494; https://old.lex.uz/docs/4124750; https://old.lex.uz/docs/4232855; https://old.lex.uz/docs/4165046; https://old.lex.uz/docs/4251351; https://old.lex.uz/docs/4386606; https://old.lex.uz/docs/4254464; https://old.lex.uz/docs/4275750; https://old.lex.uz/docs/4396695; https://old.lex.uz/docs/5936169; https://old.lex.uz/docs/6278928 Letter from Cabinet of Ministers to the Chamber of Accounts #3/4-53
External scrutiny and audit	
PI-30. External audit 30.1. Audit coverage and standards 30.2. Submission of audit reports to the legislature 30.3. External audit follow up 30.4. Supreme Audit Institution independence	Discussion and data from Chamber of Accounts Law on Chamber of Accounts enacted by the Legislative Chamber on May 18, 2019, approved by the Senate on June 21, 2019 Decree of the President dated August 27, 2021, No.PD-6300 "On the further supervision of the state financial control system" and the establishment of the functional and financial independence of the Chamber of Accounts Submission of Audit Reports Cabinet of Ministers letters 02/1-347 dated April 5, 2021; 02/1-61 dated April 5, 2022; 13/1-439 dated April 15, 2023; Chamber of Accounts letters 13/1-258 dated 10.05.2021; 02-450 dated 10.05.2022; 02-436 dated 31.05.2023. Chamber of Accounts independence: Law on

	Chamber of Accounts, LRU-546 dated July 1, 2019; Budget Code; Chamber of Accounts
PI-31. Legislative scrutiny of audit reports 31.1. Timing of audit report scrutiny 31.2. Hearings on audit findings 31.3. Recommendations on audit by the legislature 31.4. Transparency of legislative scrutiny of audit reports	Discussion with and data from Parliament Sample summary reports: https://parliament.gov.uz/ru/news/davlat-budjeti-daromadlari-prognozi-bajarilishi-nazoratni-talab-etadi Timing of audit report scrutiny Chamber of Accounts letters 13/1-258 dated 10.05.2021; 02-450 dated 10.05.2022; 02-436 dated 31.05.2023. Parliament resolutions #3276-IV dated 14.06.2023; #ПС-564-IV dated 08.07.2022; #ПС-295-IV dated 28.05.2021 Publicity . https://youtube.com/@OliyMajlisQonunchilikpalatasi?si=GRt9ik4chqpYVtGX www.youtube.com/@senatuzb; t.me/senatuz; https://taplink.cc/oliymajlis

Annex 4: Calculations for PI-1, PI-2 and PI-3

Table 1 - Results Matrix

year	for PI-1.1 total exp. Outturn	for PI-2.1 composition variance	for PI-2.2 composition variance	for PI-2.3 contingency share
2021	96.7%	1.7%	3.9%	
2022	104.7%	15.4%	8.5%	0.3%
2023	99.4%	3.4%	0.8%	

All figures in Tables are in UZS Billion

Table 2

Data for year = 2021								
functional head		**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
General public services	*7010*	7,556.5	7,275.2	7,327.6	-52.4	52.4	0.7%
Defense	*7020*	415.0	438.6	402.4	36.1	36.1	9.0%
Public order and safety	*7030*	3,378.4	3,312.8	3,276.0	36.8	36.8	1.1%
Economic affairs	*7040*	18,363.1	16,978.7	17,806.9	-828.2	828.2	4.7%
Environmental protection	*7050*	28.9	14.5	28.0	-13.5	13.5	48.2%
Housing and community amenities	*7060*	2,412.2	2,197.7	2,339.1	-141.5	141.5	6.0%
Health	*7070*	5,024.3	4,916.2	4,872.1	44.1	44.1	0.9%
Recreation, culture, and religion	*7080*	3,181.1	3,065.1	3,084.7	-19.6	19.6	0.6%
Education	*7090*	38,936.9	37,657.4	37,757.5	-100.0	100.0	0.3%
Social protection (including Pension fund)	*7100*	44,288.9	42,607.5	42,947.3	-339.9	339.9	0.8%
Other expenduture	*7199*	37,580.2	37,504.0	36,441.8	1,062.2	1,062.2	2.9%
Trast funds, excluding Pension fund		3,076.4	2,806.6	2,983.2	-176.6	176.6	5.9%
Non-budget funds of budget organizations		15,166.9	15,166.9	14,707.5	459.4	459.4	3.1%
UFRD		26,746.5	25,969.4	25,936.3	33.1	33.1	0.1%
allocated expenditure		**206,155.3**	**199,910.5**	199,910.5	0.0	3,343.3	
interests		2,930.2	2,268.8				
contingency		841.5	790.3				
total expenditure		**209,926.9**	**202,969.6**				
						aggregate outturn (PI-1)	96.7%
						composition (PI-2) variance	1.7%
						contingency share of budget	0.4%

Table 3

functional head		budget	actual	adjusted budget	deviation	absolute deviation	percent
Data for year = 2022							
General public services	*7010*	6,149.0	4,496.9	6,447.9	-1,950.9	1,950.9	30.3%
Defense	*7020*	372.4	372.2	390.5	-18.3	18.3	4.7%
Public order and safety	*7030*	3,562.9	3,534.4	3,736.0	-201.6	201.6	5.4%
Economic affairs	*7040*	23,402.7	19,710.8	24,540.1	-4,829.2	4,829.2	19.7%
Environmental protection	*7050*	34.5	32.0	36.1	-4.1	4.1	11.4%
Housing and community amenities	*7060*	407.8	357.4	427.6	-70.2	70.2	16.4%
Health	*7070*	4,165.9	3,933.8	4,368.4	-434.5	434.5	9.9%
Recreation, culture, and religion	*7080*	2,989.8	2,736.5	3,135.1	-398.6	398.6	12.7%
Education	*7090*	40,588.3	40,006.0	42,560.8	-2,554.9	2,554.9	6.0%
Social protection (including Pension fund)	*7100*	40,766.5	42,384.2	42,747.7	-363.5	363.5	0.9%
Other expenduture	*7199*	75,961.4	73,633.6	79,653.1	-6,019.5	6,019.5	7.6%
Trast funds, excluding Pension fund		4,405.6	4,441.9	4,619.7	-177.8	177.8	3.8%
Non-budget funds of budget organizations		14,614.5	33,646.9	15,324.7	18,322.1	18,322.1	119.6%
UFRD		8,935.4	8,070.7	9,369.7	-1,299.0	1,299.0	13.9%
allocated expenditure		**226,356.7**	**237,357.4**	237,357.4	0.0	36,644.2	
interests		4,059.4	3,892.0				
contingency		796.6	765.8				
total expenditure		**231,212.7**	**242,015.2**				
						aggregate outturn (PI-1)	104.7%
						composition (PI-2) variance	15.4%
						contingency share of budget	0.3%

Table 4

functional head		budget	actual	adjusted budget	deviation	absolute deviation	percent
Data for year = 2023							
General public services	*7010*	8,244.1	7,363.8	8,198.0	-834.2	834.2	10.2%
Defense	*7020*	486.0	480.1	483.2	-3.1	3.1	0.6%
Public order and safety	*7030*	4,081.7	3,990.9	4,058.9	-68.0	68.0	1.7%
Economic affairs	*7040*	28,148.5	28,076.3	27,991.0	85.3	85.3	0.3%
Environmental protection	*7050*	132.6	63.3	131.9	-68.6	68.6	52.0%
Housing and community amenities	*7060*	343.4	329.6	341.5	-11.9	11.9	3.5%
Health	*7070*	3,265.5	3,168.7	3,247.2	-78.5	78.5	2.4%
Recreation, culture, and religion	*7080*	3,479.2	3,401.4	3,459.7	-58.3	58.3	1.7%
Education	*7090*	48,078.8	47,571.8	47,809.8	-238.0	238.0	0.5%
Social protection (including Pension fund)	*7100*	48,047.2	47,850.6	47,778.3	72.3	72.3	0.2%
Other expenduture	*7199*	92,483.8	91,737.6	91,966.2	-228.7	228.7	0.2%
Trast funds, excluding Pension fund		5,428.0	3,661.3	5,397.6	-1,736.3	1,736.3	32.2%
Non-budget funds of budget organizations		25,608.1	30,500.0	25,464.8	5,035.2	5,035.2	19.8%
UFRD		39,007.2	36,921.6	38,788.9	-1,867.3	1,867.3	4.8%
allocated expenditure		**306,834.2**	**305,116.9**	305,116.9	0.0	10,385.7	
interests		8,672.7	8,586.9				
contingency		827.4	808.0				
total expenditure		**316,334.3**	**314,511.8**				
						aggregate outturn (PI-1)	99.4%
						composition (PI-2) variance	3.4%
						contingency share of budget	0.3%

Table 5

Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Data for year = 2021						
Compensation of employees	66,006.9	67,730.3	63,819.3	3,911.0	3,911.0	6.1%
Use of goods and services	7,813.3	7,509.6	7,554.3	-44.7	44.7	0.6%
Consumption of fixed capital	13,852.4	12,767.7	13,393.3	-625.6	625.6	4.7%
Interest	2,930.2	2,268.8	2,833.1	-564.3	564.3	19.9%
Subsidies	4,406.9	3,571.4	4,260.9	-689.4	689.4	16.2%
Grants	32,005.7	29,932.8	30,945.0	-1,012.2	1,012.2	3.3%
Social benefits	1,110.4	1,053.6	1,073.6	-20.1	20.1	1.9%
Other expenses	81,801.1	78,135.5	79,090.1	-954.6	954.6	1.2%
Total expenditure	209,926.9	202,969.6	202,969.6	0.0	7,822.0	
					composition variance	3.9%

Table 6

Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Data for year = 2022						
Compensation of employees	83,249.4	88,394.2	87,138.9	1,255.3	1,255.3	1.4%
Use of goods and services	7,950.1	7,554.6	8,321.6	-767.0	767.0	9.2%
Consumption of fixed capital	6,750.8	6,349.2	7,066.2	-717.0	717.0	10.1%
Interest	4,059.4	3,892.0	4,249.0	-357.0	357.0	8.4%
Subsidies	12,413.2	8,975.8	12,993.2	-4,017.4	4,017.4	30.9%
Grants	43,304.4	41,051.0	45,327.6	-4,276.6	4,276.6	9.4%
Social benefits	2,443.6	2,428.8	2,557.8	-128.9	128.9	5.0%
Other expenses	71,041.9	83,369.6	74,361.0	9,008.6	9,008.6	12.1%
Total expenditure	231,212.7	242,015.2	242,015.2	0.0	20,527.8	
					composition variance	8.5%

Table 7

Economic head	budget	actual	adjusted budget	deviation	absolute deviation	percent
Data for year = 2023						
Compensation of employees	102,158.6	102,725.6	101,570.1	1,155.5	1,155.5	1.1%
Use of goods and services	7,855.9	7,503.7	7,810.7	-307.0	307.0	3.9%
Consumption of fixed capital	5,634.4	5,366.8	5,601.9	-235.1	235.1	4.2%
Interest	8,672.7	8,586.9	8,622.7	-35.9	35.9	0.4%
Subsidies	21,042.3	21,064.5	20,921.1	143.4	143.4	0.7%
Grants	29,160.6	28,540.9	28,992.6	-451.7	451.7	1.6%
Social benefits	1,488.7	1,428.1	1,480.1	-52.0	52.0	3.5%
Other expenses	140,321.1	139,295.4	139,512.7	-217.2	217.2	0.2%
Total expenditure	316,334.3	314,511.8	314,511.8	0.0	2,597.9	
					composition variance	0.8%

Table 8 - Results Matrix

year	total revenue deviation	composition variance
2021	110.3%	7.4%
2022	112.7%	17.9%
2023	100.9%	7.7%

Table 9

Data for year = 2021						
head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
1. Tax revenues						
1.1 Direct Taxes						
Tax on profit legal individuals	29,259.4	35,763.1	32,273.6	3,489.5	3,489.5	10.8%
Tax on income physical individuals	6,450.8	7,501.0	7,115.3	385.7	385.7	5.4%
1.2. Indirect Taxes						
Value Added Tax	38,063.2	38,439.0	41,984.4	-3,545.4	3,545.4	8.4%
Excise Tax	9,439.3	10,231.5	10,411.7	-180.2	180.2	1.7%
Customs Duty	3,751.2	4,764.9	4,137.7	627.2	627.2	15.2%
1.3. Resource Payments and Tax on Property						
Tax behind use subsoil	14,479.9	14,943.7	15,971.5	-1,027.9	1,027.9	6.4%
2. Other Income	19,600.4	20,787.4	21,619.6	-832.3	832.3	3.8%
3. State trust funds	27,999.0	32,879.0	30,883.4	1,995.6	1,995.6	6.5%
including: Pension fund	25,296.0	26,569.0	27,901.9	-1,332.9	1,332.9	4.8%
4. extra-budgetary funds of budgetary organizations	17,478.0	17,478.0	19,278.5	-1,800.5	1,800.5	9.3%
5. UFRD	5,336.2	6,774.1	5,886.0	888.2	888.2	15.1%
Total revenue	**171,857.4**	**189,561.6**	**217,463.6**	**-1,332.9**	**16,105.4**	
					overall variance	110.3%
					composition variance	7.4%

Table 10

Data for year = 2022						
Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
1. Tax revenues						
1.1 Direct Taxes						
Tax on profit legal individuals	35,448.6	33,666.1	39,956.4	-6,290.3	6,290.3	15.7%
Tax on income physical individuals	8,988.4	9,733.7	10,131.4	-397.7	397.7	3.9%
1.2. Indirect Taxes						
Value Added Tax	53,280.0	52,189.4	60,055.3	-7,865.9	7,865.9	13.1%
Excise Tax	11,687.8	10,067.1	13,174.1	-3,106.9	3,106.9	23.6%
Customs Duty	4,826.6	5,745.7	5,440.3	305.4	305.4	5.6%
1.3. Resource Payments and Tax on Property						
Tax behind use subsoil	13,760.3	13,341.0	15,510.2	-2,169.1	2,169.1	14.0%
2. Other Income	35,189.5	35,350.6	39,664.4	-4,313.8	4,313.8	10.9%
3. State trust funds	33,622.1	38,239.3	37,897.6	341.8	341.8	0.9%
including: Pension fund	31,099.1	33,180.1	35,053.7	-1,873.6	1,873.6	5.3%
4. extra-budgetary funds of budgetary organizations	14,651.4	38,328.1	16,514.5	21,813.6	21,813.6	132.1%
5. UFRD	6,150.1	8,615.2	6,932.1	1,683.1	1,683.1	24.3%
Total revenue	**217,604.7**	**245,276.2**	**280,330.0**	**-1,873.6**	**50,161.2**	
					overall variance	112.7%
					composition variance	17.9%

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Table 11

Data for year = 2023						
Economic head	**budget**	**actual**	adjusted budget	deviation	absolute deviation	percent
Tax revenues						
1. Direct Taxes						
Tax on profit legal individuals	37,851.6	37,045.3	38,194.4	-1,149.1	1,149.1	3.0%
Tax on income physical individuals	9,985.7	10,505.1	10,076.2	428.9	428.9	4.3%
2. Indirect Taxes						
Value Added Tax	65,435.3	57,885.3	66,027.9	-8,142.7	8,142.7	12.3%
Excise Tax	13,988.1	12,203.0	14,114.8	-1,911.7	1,911.7	13.5%
Customs Duty	7,252.0	9,606.1	7,317.7	2,288.4	2,288.4	31.3%
3. Resource Payments and Tax on Property						
Tax behind use subsoil	14,780.1	14,829.1	14,914.0	-84.8	84.8	0.6%
2. Other Income	37,260.2	39,889.8	37,597.7	2,292.1	2,292.1	6.1%
3. State trust funds	47,143.4	47,061.6	47,570.4	-508.8	508.8	1.1%
including: Pension fund	39,784.0	39,805.6	40,144.3	-338.7	338.7	0.8%
4. extra-budgetary funds of budgetary organizations	25,608.1	31,566.3	25,840.0	5,726.3	5,726.3	22.2%
5. UFRD	10,109.1	11,262.0	10,200.6	1,061.4	1,061.4	10.4%
Total revenue	**269,413.5**	**271,853.7**	**311,998.0**	**-338.7**	**23,933.0**	
					overall variance	100.9%
					composition variance	7.7%