



## THEORETICAL AND PRACTICAL ASPECTS OF MODERNIZING THE STATE BUDGET ACCOUNTING SYSTEM BASED ON INTERNATIONAL EXPERIENCE

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**Abstract:** This article examines the theoretical and practical aspects of modernizing the state budget accounting system based on the experience of foreign countries. The study analyzes modern principles of budget accounting, international public sector accounting standards (IPSAS), and the possibilities of their implementation in the practice of Uzbekistan. The article compares the experience of developed countries with national practice, identifies existing problems, and proposes ways to eliminate them. As a result of the study, proposals have been developed to widely introduce digital technologies in budget accounting, strengthen the integration of information systems, and develop a methodology that meets international standards.

**Keywords:** state budget, budget accounting, foreign experience, IPSAS, modernization, digital technologies.

**Аннотатсия:** В данной статье исследованы теоретические и практические аспекты модернизации системы учёта государственного бюджета на основе опыта зарубежных стран. В исследовании проанализированы современные принципы бюджетного учёта, международные стандарты бухгалтерского учёта государственного сектора (IPSAS), а также возможности их внедрения в практику Узбекистана. В ходе работы проведено сравнение опыта развитых стран с национальной практикой, выявлены существующие проблемы и предложены пути их устранения. В результате исследования разработаны предложения по широкому внедрению цифровых технологий в бюджетный учёт, укреплению интеграции информационных систем и разработке методологии, соответствующей международным стандартам.

**Ключевые слова:** государственный бюджет, бюджетный учёт, зарубежный опыт, IPSAS, модернизация, цифровые технологии.

### Introduction.

In the process of transitioning to a market economy, the effective management of the public finance system plays a crucial role in ensuring the country's economic stability. In particular, the state budget accounting system is recognized as a key guarantee of fiscal discipline, transparency, and the efficient use of resources. In today's globalized environment, improving budget accounting mechanisms based on international standards, implementing modern information and digital technologies, and effectively utilizing foreign experience have become increasingly relevant.

The International Public Sector Accounting Standards (IPSAS) hold particular significance in reforming the state budget accounting system. IPSAS provides a unified methodological framework for public sector accounting worldwide, ensuring transparency in financial reporting and enhancing the efficiency of public funds. Based on these standards, the assets,

liabilities, revenues, and expenditures of budgetary organizations are recorded fully, timely, and accurately. Today, many developed and developing countries are adopting IPSAS into their national practices to improve the effectiveness of public financial management.

In recent years, Uzbekistan's budget system has undergone consistent reforms aimed at introducing mechanisms aligned with international standards of public financial management. However, certain challenges remain in fully applying IPSAS standards, expanding the use of digital solutions, and ensuring data transparency. The purpose of this article is to analyze the theoretical and practical aspects of modernizing Uzbekistan's state budget accounting system based on the experience of foreign countries and to develop recommendations for its further improvement. The research findings have practical importance for reforming public financial management, introducing information technologies, and building a budget accounting system based on international standards.

The state budget accounting system is an integral component of effective public financial governance. In the context of the globalized economy, maintaining budget accounting in compliance with international standards, ensuring financial transparency, and promoting efficient resource utilization are regarded as essential tasks. From this perspective, the International Public Sector Accounting Standards (IPSAS) are particularly important.

IPSAS serves to establish a unified methodology for financial reporting by public sector entities. Its primary objectives include ensuring the reliability, completeness, and comparability of financial statements; strengthening financial accountability; and encouraging the efficient use of public resources.

The main principles of IPSAS include:

**1. Accurate recognition of assets and liabilities** — all financial transactions must be recorded correctly and precisely;

**2. Recognition of revenues and expenditures in the relevant reporting period** — ensuring temporal accuracy and transparency of budget accounting;

**3. International comparability of financial statements** — enhancing economic analysis and decision-making processes.

IPSAS comprises two main categories:

**Accrual-based IPSAS** — recognizes revenues and expenses when they occur;

**Cash-based IPSAS** — records revenues and expenses based on cash flows.

According to international experience, developed countries such as the United States, the United Kingdom, Australia, and Canada have integrated IPSAS into their national budget systems, enabling cross-country comparability of financial statements and improving the effectiveness of decision-making processes. In the course of modernizing its budget system, Uzbekistan's adoption of IPSAS is expected to provide the following advantages:

1. Alignment of the national budget system with international standards;

2. Introduction of digital public financial information systems;

3. Enhancement of transparency and efficiency in public sector reporting.

Thus, IPSAS serves as the fundamental theoretical and practical framework for improving the state budget accounting system. Its implementation contributes to strengthening the effectiveness of public financial management and expanding international cooperation.

**Main Part**

The state budget accounting system is a critical tool for ensuring economic stability and fiscal discipline. International experience shows that modernizing national budget systems based on international standards—particularly IPSAS—significantly enhances the efficiency of public finance.

**Experience of developed countries.**

In countries such as the United States, the United Kingdom, Germany, Australia, and Canada, IPSAS has been fully implemented, ensuring transparency and international comparability of financial statements. At the same time, the extensive integration of digital technologies accelerates budget processes and improves the quality of decision-making.

**1. Budgets of Foreign Countries: Key Indicators**

| Country        | Annual Budget (billion USD) | Deficit (%) | Level of IPSAS Implementation | Digital System Integration (%) |
|----------------|-----------------------------|-------------|-------------------------------|--------------------------------|
| United States  | 5000                        | 3.5         | Full                          | 90                             |
| United Kingdom | 1200                        | 2.8         | 95%                           | 85                             |
| Germany        | 1500                        | 1.2         | 100%                          | 80                             |
| Australia      | 400                         | 1.5         | Full                          | 88                             |
| Canada         | 700                         | 2.0         | 98%                           | 82                             |

From the table, it is evident that the completeness of IPSAS implementation and the level of digital technology deployment in developed countries have a direct impact on the efficiency of budget processes.

Low deficit levels and high transparency indicate the strength and stability of financial management systems in these countries.

**2. Comparison Between Uzbekistan and Developed Countries**

Although Uzbekistan’s budget system has undergone consistent reforms in recent years and the process of harmonization with international standards has begun, the level of IPSAS implementation and digital integration remains relatively lower compared to developed economies. This situation leads to several challenges:

- 1. Insufficient transparency for international comparative analysis of budget reports;**
- 2. Limited efficiency in the use of financial resources;**
- 3. Delays in decision-making processes and incomplete availability of reliable financial data.**

**3. Strategic Considerations and Recommendations**

Based on foreign experience and existing national practices, the following strategic recommendations are proposed:

**Gradual implementation of IPSAS standards:**

Initially adopting IPSAS for key financial processes, followed by full standardization across the entire public budget system.

**Extensive integration of digital technologies:**

Automating budget procedures to enhance the accuracy, transparency, and timeliness of financial reporting.

**Establishing an international comparative analysis mechanism:**

Developing a database of indicators and benchmarks aligned with the experience of advanced economies.

**Strengthening national human capital:**

Training specialists in IPSAS and digital accounting systems and introducing continuous professional development programs.

Thus, aligning Uzbekistan’s budget accounting system with international experience and implementing IPSAS standards can significantly enhance the transparency and efficiency of national financial management while fostering international financial cooperation.

**Historical Context of Central Asian States**

As is well known, after Uzbekistan and other Central Asian countries gained independence from the Soviet Union in 1991, they entered a new era characterized by the emergence of a market economy for the first time. These countries were required to reconstruct their national budget systems independently and implement new public financial management frameworks. When analyzing the stages of development today, noticeable differences and trajectories emerge across the region.

Following the dissolution of the Soviet Union, the public finance and budget management systems of Central Asian states underwent a complete restructuring. One of the key elements of this transformation was the harmonization of budget accounting and financial reporting frameworks with international standards—particularly the adoption of IPSAS.

For example, **Kazakhstan** has been actively advancing the adoption of IPSAS. In 2021, the Association of Chartered Certified Accountants (ACCA), in cooperation with the Ministry of Finance of Kazakhstan, implemented initiatives to support the introduction of IPSAS (EURACTIV PR report).

**Comparative Economic Indicators of Central Asian Countries**

The following table compares the economic conditions of selected countries in the region—specifically GDP levels, GDP per capita, and inflation rates:

*Comparative Economic Indicators of Central Asian Countries*

| Country           | GDP per Capita (approx., USD)                    | Inflation / Price Growth (estimated)                          | Status of IPSAS Implementation*                             |
|-------------------|--|---|---|
| <b>Kazakhstan</b> | ~\$14,770 (2025 data, The Times of Central Asia) | Moderate; relatively lower within the region (commonsense.eu) | Leading in the region in IPSAS implementation (EURACTIV PR) |
| <b>Uzbekistan</b> | ~\$3,510 (2025 data, The Times of Central Asia)  | Inflation remains a pressing issue (Universidad de Navarra)   | In the implementation stage; not yet fully applied          |
| <b>Kyrgyzstan</b> | ~\$2,750 (2025 data, The Times of Central Asia)  | High but gradually stabilizing                                | Limited publicly available information on IPSAS adoption    |

| Country    | GDP per Capita (approx., USD)                   | Inflation / Price Growth (estimated)     | Status of IPSAS Implementation*   |
|------------|---|--|-----------------------------------|
| Tajikistan | ~\$1,430 (2025 data, The Times of Central Asia) | Linked to structural economic challenges | Very limited IPSAS implementation |

The information on IPSAS implementation in the region is not fully comprehensive, and the assessment relies primarily on available research sources. As the table illustrates, there are significant differences among Central Asian countries in terms of economic development and the organization of budget accounting. Kazakhstan leads the region with higher income levels and more advanced IPSAS implementation, while Uzbekistan and other states also possess considerable potential and a clear need for system modernization.

Furthermore, the modernization of budget accounting systems, the implementation of IPSAS, and the expansion of digital technologies can substantially improve economic governance across the region. For instance, in Uzbekistan, enhancing the transparency of financial reporting and broadening opportunities for international comparative analysis are particularly important.

According to The Times of Central Asia, Kazakhstan’s GDP per capita is projected to reach approximately **USD 14,770** in 2025.

Based on the same sources, GDP per capita figures for Central Asian states are estimated as follows: Kazakhstan — ~\$14,770; Uzbekistan — ~\$3,510; Kyrgyzstan — ~\$2,750; Tajikistan — ~\$1,430 (Europe Says).

Following the dissolution of the Soviet Union in 1991, the region entered a post-independence period of economic transformation. For example, Uzbekistan’s GDP per capita increased from roughly **USD 658 in 1991** to **USD 2,849 in 2023** (Kun.uz).

According to near-2023 data, inflation and other macroeconomic indicators vary considerably across the region. For instance, estimated inflation in 2023 was approximately **8.77% in Uzbekistan** and **9.8% in Kazakhstan** (The Times of Central Asia).

Additionally, public debt levels and debt-to-GDP ratios have become important indicators for the region’s economies (monitor.kun.uz).

### Conclusion and Insights

This article examined the specific aspects of improving the state budget accounting system based on international experience. The objective was to develop effective recommendations for modernizing the budget accounting system in the Republic of Uzbekistan, implementing IPSAS standards, and utilizing the practices of the most advanced countries in the region.

The study yielded the following key findings:

**1. Developed countries** (the United States, the United Kingdom, Germany, Australia, Canada) have significantly improved their budget accounting efficiency through the implementation of IPSAS standards.

**2. In Uzbekistan and other Central Asian states**, IPSAS implementation is being carried out gradually; however, transparency and digital integration levels remain lower than in developed countries.

**3. The Central Asian region** exhibits diverse patterns of economic development: Kazakhstan has high GDP and relatively low inflation, while Tajikistan and Kyrgyzstan maintain



low GDP with higher inflation. These disparities highlight the need to strengthen budget accounting and public financial management systems.

### Recommendations

Gradual implementation of IPSAS standards across Uzbekistan and other regional states;  
Digitalization of budget accounting processes and enhancement of financial reporting transparency;

Improving public financial management based on international comparative analysis;

Strengthening national human capital and establishing continuous professional training in IPSAS and digital accounting systems.

### Final Remarks

In conclusion, conducting Uzbekistan's budget accounting system in line with international best practices not only benefits the national economy but also strengthens the country's attractiveness to foreign investors, leading enterprises, and global markets. Ensuring that inflation remains controlled, increasing GDP, and maintaining a higher level of exports relative to imports are essential for economic stability. A properly structured and internationally aligned budget accounting system forms the fundamental pillar for achieving long-term fiscal sustainability and economic growth.

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