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## **ANALYSIS OF THE CURRENT STATE OF MEDIUM-TERM PLANNING OF LOCAL BUDGETS**

**Annotation:** *This article discusses macroeconomic stability, budget allocators and local governments, and also fiscal policy and the medium-term budget, as well as public investment spending.*

**Keywords:** *tax, budget, finance, medium-term planning, investment, local budget, public sector, audit.*

While each country determines its own path of development in ensuring macroeconomic stability, it strives to ensure the smooth (balanced) development of the state's territorial (regional), institutions and organizations, as well as the implementation of the strategic goals of the state. One of the main criteria for achieving these goals is to ensure their continuous financial efficiency by managing the results of activities and using them as a basis for consolidation.

Therefore, today a new "result-oriented budget" for the development of the medium-term budget framework and the formation of the annual budget in order to implement a strategic approach to fiscal policy in the context of strengthening the powers and accountability of budget allocators and local authorities in the budget system is being introduced.

In order to support the medium and long-term goals of public policy and create an effective system of public financial management that meets the requirements for achieving them. Measures are being taken to introduce a strategic approach to fiscal policy and address the existing problems: The state budget includes an

assessment of key macroeconomic forecasts for the next fiscal year and targets for the next two years, but unforeseen circumstances that may arise in their development does not contain. This makes it difficult to assess the reliability of problem forecasts related to the quality of macroeconomic statistics.

The lack of a strategic approach in the current system of budget planning limits the allocation of budget funds based on the priorities of fiscal policy and the financial capacity of the state budget, which leads to an irrational increase in budget commitments and lack of control over the effective use of budget funds.

For the purpose of improve the budget process, the main directions of fiscal policy and performance indicators of the public administration sector should be evaluated for a full transition to medium-term budget planning. At the same time, it is necessary to take measures to introduce a mechanism for developing a fiscal strategy with clear goals and deadlines that define the preparation of the state budget for the medium term.

However, measures should be taken to increase the reliability of medium-term macroeconomic forecasts and contingencies used by public authorities in the preparation of fiscal forecasts, and an independent body should evaluate these data.

It is noticed that the stages of the budget process (preparation, review, adoption and approval of budgets of the budget system of the Republic of Uzbekistan) to the medium-term budget planning system, as well as control functions of the Oliy Majlis, the Ministry of Finance and other ministries and departments (distribution of budget funds) will be reconsidered in connection with the redistribution of roles and functional responsibilities.

**The first** is the development of the Medium-Term Budget Framework (MTBF). The development of tax policy and strengthening the strategic focus of activities to strengthen the budget process should be accompanied by strengthening measures related to the introduction of medium-term budget planning in the budget

legislation. Fiscal rules to develop the methodological and regulatory framework for medium-term budget planning, including the structure of budget allocations based on the existing national functional budget classification and redistribution of budgetary powers of participants in the budget process, as well as long-term sustainability of public finances (long-term fiscal indicators) should be considered.

**The second** is to increase the focus on efficiency and effectiveness of the budget. As you improve your medium-term budget planning, you will be able to identify available financial resources in the medium term.

The introduction of a mechanism for budget allocation and expansion of budget powers among budget recipients will increase the ability of ministries and agencies to set their own goals and plan activities accordingly.

Thus, the focus of the entire budget process on improving the efficiency of the use of allocated budget funds will increase, which in turn will be the basis for planning the expenditures of the public administration system.

In this regard, it is necessary to take appropriate measures to expand the indicators for assessing the effectiveness and efficiency of the use of allocated budget funds.

**The third** is to increase the efficiency of public investment

Until now, the parameters of the State Budget show the funds allocated by the State for capital investments in one line, and the budget and the draft budget do not provide detailed information on investment projects implemented by the State.

*In the framework of the above tasks:*

- Reforms to improve public investment spending are being carried out in parallel, but to achieve the most optimal results, it will be necessary to ensure further integration of the public investment decision-making process with the budget process.

- Unification of public sector budget accounting standards, ie proper implementation of the public sector budget accounting and financial reporting system, will provide local governments with transparent, reliable and comprehensive information on public finance so that they can make decisions on the main directions of fiscal policy.

In this regard, the implementation of measures to unify budget accounting standards in the public sector, which provides for the gradual harmonization of budget accounting standards and financial reporting in budget organizations with the International Public Sector Accounting Standards (IPSAS), is a priority.

If we focusing on the following analysis, it is necessary to improve the system of internal control and internal audit. Besides introducing internal control and audit services in accordance with international standards, as well as the necessary level of financial control in order to increase the efficiency and effectiveness of financial resources.

As part of strengthening external control over public finances, the powers of the chambers of the Oliy Majlis of the Republic of Uzbekistan in reviewing and approving the parameters of the State Budget by administrative units and monitoring its implementation will be reconsidered. In addition, a procedure for cooperation between the newly established Budget Department and the executive authorities under the Legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan will be developed.

Ensuring public participation in the budget process ensures that the objectives of fiscal policy are in line with the needs of citizens and the government is accountable.

As part of these tasks, measures will be taken to further expand public involvement in budget information, as well as to support the active participation of

citizens in the budget process, mechanisms to ensure citizen participation in discussing priorities and main directions of fiscal policy in the medium term (in particular, the direction of budget expenditures).

In conclusion that, one of the important directions of the strategy is to increase the institutional capacity of public authorities to implement reforms in the public financial management system and strengthen their results.

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