

WAYS TO ENSURE SYSTEMIC STABILITY OF MEDIUM-TERM BUDGET PRACTICE (MTEF) DURING THE SOCIO-ECONOMIC AND INNOVATIVE DEVELOPMENT

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A.Mekhmonaliev

master student, TSUE

N.Khidirov

Ph.D, associate professor, TSUE

Abstract: *The article focuses on the about social and economic nature, main goals and tasks of medium-term budgeting, as well as theoretical and methodological foundations of medium-term budgeting practice and international experience, as well as prospects for introduction of medium-term budgeting practice in Uzbekistan and ways to ensure systemic stability of medium-term budget practice.*

Keywords: *state budget, public finance, government expenditure programs, medium-term budgeting, medium term planning, medium term planning and systematic stability of the medium-term budget practice.*

The stability of the economy directly depends on the level of development of the financial system, including the level of development and management of State finances. Public finance, which is considered the main link of the financial system, is important in the implementation of economic and social tasks of the state, redistribution of state funds, development of finance, transport and communication, as well as production infrastructure. One of the important goals of the state economic policy is economic and social is to maintain stability in the development of the industry [1].

Medium-term budgeting practice (MTEF) is necessary to support macroeconomic and budget-fiscal stability. The presence of medium-term goals helps to work for the future. Mid-term budget goals allow to assess the impact of the budget and tax policy implemented today on the country's economy and the standard

of living of the population in a few years. Therefore, it is recommended to carry out a number of reforms in this regard in our country.

The principal motivation for adopting an MTEF in most advanced economies has been the desire to strengthen multiyear fiscal discipline. MTEFs accomplish this strengthening by combating tendencies for the expenditure level to rise incrementally over time and the fiscal balance to come in lower than government intended. An MTBF can help improve fiscal discipline in three ways [1]:

- Transparency: by revealing the complete multiyear financial consequences of a new policy to the government and parliament before its adoption, potential surprises can be avoided.
- Early Warning: providing advance notice to the government about the viability of existing policies, prompting corrective measures if needed.
- Budget Constraints: implementing binding multiyear spending limits to control overall expenditure in future budgets.

It is necessary to pay special attention to the procedure of implementation of the medium-term budgeting practice and the sequence of ways to ensure its systemic stability [2]. Including:

- 1) The need to synchronize the practice of medium-term budgeting with the deadlines set in the field of social expenditure management, including the annual budget cycle, because the main goal of medium-term budgeting is to create a more solid basis for the implementation of policies and priority tasks.
- 2) Introduction and adoption of some amendments/additions to the budget law for the development of the medium-term budget process.

A large number of deviations in expenditure limits leads to unsatisfactory expenditure planning and budget execution. Changes in the transition from one cycle to another should be minimal and reflect changes in external factors and specific political changes. This requires the following:

- at the initial stage of the medium-term planning cycle, setting realistic and stable limits of expenses based on very accurate models of multi-year budget projects;

- preparation of a risk management plan in order to determine in advance a clear and understandable course of action in case of deviations from the forecasted income. In this case, spending limits can be set within the realistic scope of available resources. In this case, the process of determining expenditure limits should be open and transparent, based on certain parameters and factors, and any changes to them require a clear and objective necessity;

4) reliability and timely acquisition of information flows that form the basis for assessing requirements for available resources and costs. Unreliability of data leads to instability from one cycle to another. This is not a good basis for making decisions and projects based on a misunderstanding of the current situation. In order to ensure the reliability of information flows, strengthening the work of obtaining statistical data, comparing them and revising quality control processes is of primary importance.

5) the medium-term budgeting process should create incentives for critical analysis of the unchanging priorities of current (main) expenses. It should encourage consideration of the possibility of allocating funds from current expenses to finance more important new obligations, and prevent the allocation of expenses to outdated and ineffective purposes. Therefore, it is necessary to do the following:

- more accurate allocation and distribution of funds between the resources of the programs related to the current obligations and the proposed new obligations in order to achieve the goals of the programs;

- conducting a reliable calculation of the cost of activities in the preparation of medium-term budgeting. It facilitates the process of leveling the budget funds for the most important programs to be implemented first in accordance with the priority tasks of the state policy;

- although specific requirements for ensuring the transparency of the budget and the openness of information about the results have not been established at the legal level, this factor is of primary importance in the transition to the practice of medium-term budget planning. As a solution to the problem, it is proposed to formulate detailed requirements for ensuring the openness of the budget, including

the establishment of information portals of financial bodies, the form of information expression and requirements for interaction with the population.

Medium-term budgeting attempts to integrate policy, strategy, and budget allocation. He should look for compromises between strategies, and between certain obligations within these strategies, regardless of the sources of financing. For this, the following actions are required:

- organizing the preparation of a medium-term strategy for the socio-economic development of the country and determining the process for the government to choose budget policy alternatives, taking into account the medium-term limitations of resources;

- defining and implementing the general financial framework to ensure the financial and management strategy;

- setting the requirements for ministries and agencies to carry out the necessary budget and economic analysis for the preparation of sector policies and the development of medium-term budget programs.

In the management of the state budget, it increases the sources of income as functions of forecasting, the following should play an important role [3]:

- the principle affecting the development of the national economy in a certain period and elucidation of the essence of laws, their effect and determining and systematizing the effect;

- the development observed during the transition to the past, present and future period determining the internal relationship of principles and laws;

- past, present and transition of development principles and laws to the future political, economic and financial, affecting the stability of the process describe the factors;

- in the relevant directions based on the forecast of the national economy justification of development paths;

- members of the working group that developed the draft of the state budget and this

management of projected user processes of the project assessment of the effect on efficiency.

The importance of effective use of budget resources to achieve the goals of state policy is increasing for all countries. After all, citizens demand higher quality and cheaper social services, increasing the efficiency and transparency of the public administration system. As for the developing and transitioning countries to the market economy, progress in solving the strategic task is one of the conditions for achieving the long-term goals of development.

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