

ENHANCING LOCAL BUDGET MANAGEMENT CAPABILITIES OF AUTHORITIES IN UZBEKISTAN

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The effective management of local budgets is a foundational component of sustainable development and responsive governance, particularly within Uzbekistan's evolving fiscal landscape. Empowering local authorities with greater decision-making capabilities not only enables more tailored allocation of resources but also promotes accountability and institutional resilience at the community level. In the context of Uzbekistan, where fiscal decentralization remains a work in progress, strengthening the powers of local governments holds promise for addressing unique regional priorities and overcoming longstanding administrative bottlenecks. This essay seeks to analyze current barriers faced by local authorities and propose actionable strategies to expand their budgetary control. By examining legal, administrative, and practical dimensions, the study intends to offer a pathway toward more autonomous and effective local governance within Uzbekistan.

Within Uzbekistan, the prevailing legal and institutional framework for managing local budgets operates under a highly centralized authority, where local governments possess limited fiscal discretion and remain subject to strict oversight from central agencies. Statutory provisions delegate administrative responsibilities to regional and municipal bodies, yet substantial financial powers reside with the executive branch, reflecting the enduring presence of a "super-presidential" system. Although recent legislative reforms have signaled a move towards greater fiscal autonomy for local authorities, practical implementation often falls short due to entrenched bureaucratic structures and a prioritization of maintaining central control. The regulatory environment is further characterized by procedural layers that inhibit local innovation in budget planning and allocation, constraining the ability of municipalities to address region-specific priorities effectively. As a consequence, the tension between formal decentralization and informal central dominance shapes the current institutional context for local budget management in Uzbekistan[4].

Moreover, the distribution of fiscal powers in Uzbekistan remains skewed in favor of the central government, resulting in substantial constraints on local governmental autonomy. While statutory frameworks nominally allocate certain budgetary responsibilities to subnational authorities, actual financial decision-making authority is often centralized and subject to substantial oversight. This arrangement restricts the capacity of local governments to serve as effective planners and administrators of public resources, particularly in urban areas

where proactive management is essential for economic and social development. Consequently, local administrations encounter significant impediments when attempting to tailor budget allocations to the unique needs of their communities, hampered by procedural controls and limited discretion. As documented in comparative studies of similar Central Asian contexts, the enduring concentration of economic resources and decision-making authority at the national level inhibits the evolution of responsive and agile local governance systems[5].

Furthermore, local governments in Uzbekistan encounter persistent obstacles throughout the stages of budget planning, allocation, and execution due to both structural and procedural constraints. An issue of particular concern is the mismatch between formal regulatory provisions and their implementation, which undermines the ability of local authorities to design budgets tailored to local priorities. Complicating this challenge is the insufficient development of mechanisms for meaningful public control and oversight, resulting in limited transparency and accountability within budgetary processes. The lack of consistent procedures across regions can also produce disparities in resource distribution, creating further complications for authorities attempting to address specific needs. In addition, public engagement remains limited, partly because of incomplete legal frameworks and gaps in institutional capacity, which restrict opportunities for local populations to participate in or influence budgetary decisions[1].

As a result of limited fiscal and administrative independence, local governments in Uzbekistan face adverse consequences in service provision and the development of community infrastructure. The lack of meaningful discretion over budgetary allocations restricts the ability of municipal authorities to respond to community-specific requirements in areas such as urban development, public utilities, and human capital investment. Furthermore, this restricted autonomy contributes to a reactive rather than proactive approach to addressing emerging challenges, including those related to climate change and sustainable growth. In practice, the absence of localized planning authority can delay the implementation of targeted projects and inhibit the adaptation of national policies to the distinct needs of diverse regions. The resulting gaps in service delivery and community development not only affect social welfare but can also undermine public trust in local government institutions, weakening the broader process of fiscal reform and decentralization[2].

The diagram “Progress and Remaining Gaps in Local Budget Autonomy in Uzbekistan (2020–2025)” illustrates the gradual shift from a highly centralized budget system toward greater fiscal independence for local authorities. It features a stacked bar chart showing the share of own-source revenue growing from 28–30% in 2020 to an estimated 48–52% in 2025, while transfer dependence decreases from 70–72% to 48–52%.

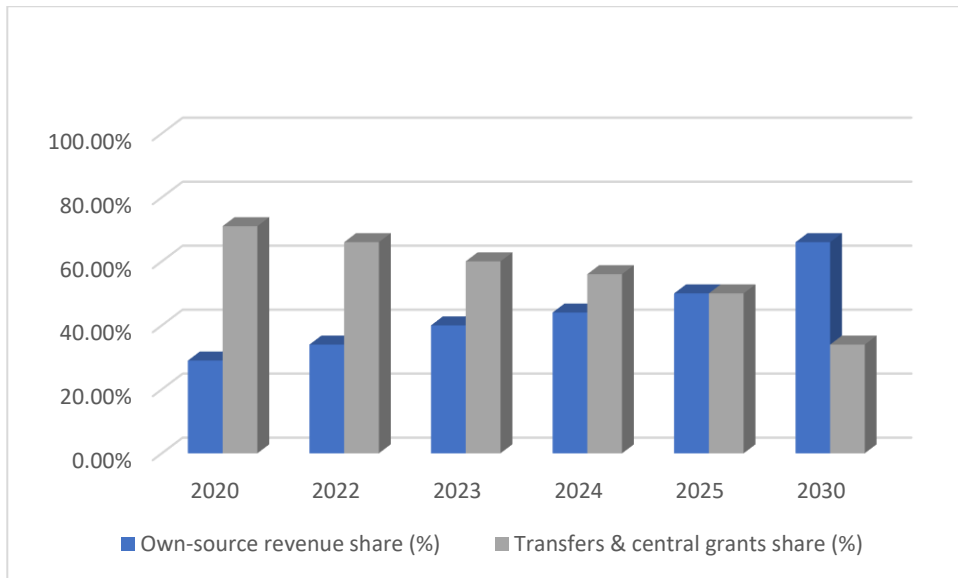


Figure 1. Progress and Remaining Gaps in Local Budget Autonomy in Uzbekistan (2020–2025)[6]

A timeline highlights key reform milestones (2021–2023 pilots, 2024 Open Budget expansion, constitutional changes). The 2030 target aims for $\geq 65\text{--}70\%$ own revenue. Call-out boxes emphasize persistent barriers: central oversight, capacity gaps, risk of mismanagement, and low public participation. The visual demonstrates clear progress but underscores the need for deeper legal, training, and revenue diversification reforms to achieve genuine local autonomy.

Recently, Uzbekistan has undertaken a series of ambitious policy initiatives designed to recalibrate the balance of power between central and local authorities, particularly in the aftermath of the 2021–2023 reform cycle. Central to these changes is the emphasis on constitutional amendments that seek to expand the formal competencies of regional governments and institutionalize greater fiscal and administrative autonomy at the subnational level. These reforms form part of the broader "New Uzbekistan" program, which articulates a modernized political and governance model aligning with national development goals. While the policy momentum has generated renewed attention to the importance of local self-governance, the transitional period has also exposed structural constraints that continue to inhibit the realization of full local authority. Nonetheless, by foregrounding the strengthening of local government powers, recent reforms have established a policy baseline from which further decentralization and administrative modernization may proceed[3].

Reinforcing the authority of local governments in Uzbekistan remains essential for achieving effective management of local budgets and promoting sustainable development. Despite recent reforms and policy initiatives, longstanding constraints rooted in centralized governance and complex administrative structures continue to challenge the realization of true fiscal decentralization. Expanding the formal and practical powers of subnational entities not only enhances their responsiveness to community needs but also fosters improved transparency, accountability, and citizen engagement in

budgetary processes. This essay has demonstrated that comprehensive legal reforms, targeted capacity-building, and collaborative intergovernmental frameworks are critical to advancing the independence of local administrations. Ultimately, sustained commitment to strengthening local authorities will position Uzbekistan to build resilient, responsive governance systems and support broader national progress.

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Zamonaviy sharoitda kambag‘allikni qisqartirish va aholini ijtimoiy himoya qilishning moliyaviy mexanizmi nafaqat kompensatsion, balki strukturaviy-investitsion xarakterga ega bo‘lishi zarur. Kompensatsion funksiyasi orqali u joriy iste‘molni qo‘llab-quvvatlaydi, uy xo‘jaliklarining daromad tebranishlariga nisbatan sezgirligini kamaytiradi va qisqa muddatli ijtimoiy barqarorlikni ta‘minlaydi. Biroq uzoq muddatli barqaror natijalar inson kapitaliga investitsiya,