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Sustainable Economic Development of The Regions and Increasing The Financial Authority

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ABSTRACT

Objective: *Today, in order to achieve high economic growth, it is one of the most urgent issues to develop scientific-methodical approaches and recommendations for the management of the region's financial potential and the scientific-methodological justification of the mechanism of inter-budgetary relations and its improvement, in order to improve the effectiveness of regional management.* ***Method:*** *In this regard, this article analyzes the regions' financial potential, budget policy and economic growth rates.* ***Results:*** *Based on this, scientific views, suggestions and recommendations are developed.* ***Novelty:*** *The article offers a scientific-methodical framework aimed at enhancing the effectiveness of inter-budgetary relations and regional financial management, contributing new insights to regional economic policy studies.*

INTRODUCTION

In international practice, great attention is being paid to clarifying the role of not only institutional, but also economic, financial, labor, investment, innovation, and other factors of financial potential in strengthening the financial potential of regions and improving inter-budgetary relations. In the report of the International Monetary Fund, "... developing the financial potential of regions, improving inter-budgetary relations is a priority task of control bodies such as the Central Bank, the Ministry of Finance, tax, statistical offices and the financial sector, which in turn improves the well-being of the residents of the regions, it is emphasized that it is necessary to expand scientific research on improving the quality of economic growth by reducing the gap between regions" [1].

In the "Uzbekistan-2030" strategy, to double the size of the economy by 2030 and enter the ranks of "countries with an income above the average"; The determination of priority goals and tasks such as comprehensive development of regions, implementation of urbanization strategy [2] requires further expansion of the scope of scientific research to provide the necessary financial resources for the stable and rapid development of regions, and to strengthen the financial potential of regions.

Literauter Review

In the CIS, the concept of "territory financial potential" was introduced into the scientific discourse in the 70s of the last century by A. M. Volkov [3]. He connects the financial potential with the growth of financial resources. In other words, the created financial potential is reflected in the material structure of the growth of means of production after the processes of redistribution of financial resources of the national income. The author emphasizes the stimulating role of financial potential in the creation of new production flows. Researcher F. Yoldoshev touches on the category of financial stability in his research and says that "financial stability is the stability of the company's financial position, the ability to successfully work and develop by maintaining a constant balance between own and debt funds". defines [4].

In the textbook "Finance and Taxes" published under the general editorship of Professor B.A. Khasanov, financial potential is interpreted as a result indicator of financial policy, a source of economic growth [5].

Despite the rapid development of economic scientific views, it should be noted that at the current stage, there is no comprehensive definition of the concept of "financial potential of the region" and its components.

Today, various interpretations of the concept of "competence" are reflected in specialized scientific literature. This, in turn, is explained by the widespread use of this concept in various fields of activity. In the framework of the research, we present some interpretations used in philosophy, sociology, psychology, social science and economics.

The fact that this concept has a wide meaning allows it to be used in various fields of science. In the explanatory dictionary of the Uzbek language, the concept of "competence" is interpreted as "authority, fitness, full power, talent, ability" [6]. The interpretation of the concept of "authority" is "resources, opportunities, means, resources that can be used to solve any task, to achieve a certain goal; represents the capabilities of a person, society or state in a certain field.

According to the researcher F. Yoldoshev, "the development potential of the enterprise is a complex system with its own components (elements and organizers), and its effective management largely depends on how well this system is studied. depends" [4]. Agreeing with the views of the authors regarding the systematic description of the potential, we emphasize that the potential is a system with a complex structure characterized by the availability of resources, opportunities and abilities.

RESEARCH METHOD

The theoretical and methodological basis of the research is made up of the results of scientific research, scientific approaches, scientific materials published on the subject in statistical and periodical information publications, and Internet resources of local and foreign scientists devoted to the study of the nature of financial potential, assessment and problems of its formation.

The following methods are used in this article: analysis and synthesis (in substantiating the concepts of "financial potential of the region" and "managing the

financial potential of the region"), systematic approach (developing a conceptual scheme of managing the financial potential of the region), induction and deduction (studying the influence of factors on the financial potential of the region) , comparison, grouping, selective observation (study of the practice of realizing the potential of various economic systems), economic and statistical methods (analysis of quantitative indicators of the financial potential of the region), methods of financial coefficients (calculation of the financial potential of regional enterprises); graphic method (creating drawings and diagrams), logical generalization (making conclusions), as well as mathematical modeling (developing an algorithm for optimizing the financial potential of the area).

RESULTS AND DISCUSSION

Results

Management of the financial potential of the region as an important element of the national economy should be based on interrelated and complementary principles that allow to increase the efficiency of the potential used to the highest level in order to ensure the stability of the socio-economic development of the region.

In particular, these principles include:

a. Systematization and comprehensiveness, focusing on financial self-sufficiency;
b. Mutual harmony of development of the country and regions at the macro, meso and micro levels;
c. Adapting to changes in the external environment;
d. Achieving a balance of financial resources and needs of all economic entities in the region;
e. Strategic flexibility;
f. Public-private and social partnership;
g. Accumulation of temporarily free financial resources;
h. Economic security.

In such conditions, the main idea of the process of managing the financial potential of the region is to implement the financial policy of the region. The main criterion of the effectiveness of the region's financial policy is the stability of financial support for the socio-economic development of the region and the increase in the standard of living of the population.

According to the reports published by the International Monetary Fund, although positive changes were noted in the economies of the countries of the world in 2022, disruptions in world trade caused by geopolitical conflicts have a negative impact on global economic growth. Nevertheless, while the tendency of economic growth in Central Asia and the Caucasus region, including the countries of Uzbekistan, Kyrgyzstan and Azerbaijan, is maintained, the rate of economic growth is expected to slow down in the rest of the countries in the region and most of the main trading partner countries.

Table 1. Economic growth forecasts of the International Monetary Fund and the World Bank for the region and major trading partner countries in 2023-2024, in percent [7].

	International Monetary Fund		**World Bank**	
	2023	2024	2023	2024
World economy	3,0	2,9	2,5	2,1
Russia	2,2	1,1	1,6	1,3
China	5,0	4,2	5,1	4,6
Turkey	4,0	3,0	4,2	3,1
Kazakhstan	4,6	4,2	4,5	4,3
Kyrgyzstan	3,4	4,3	3,5	4,0
Tajikistan	6,5	5,0	6,5	5,0
Azerbaijan	2,5	2,5	1,5	2,4
Georgia	6,2	4,8	5,9	4,8

According to forecasts, the economy of Uzbekistan is expected to grow by 5.6-5.8 percent in 2023-2024, and up to 6.2 and 6.4 percent in 2025-2026, respectively. In this regard, it is forecasted based on the set goal of bringing the per capita gross domestic product to 4,000 US dollars by 2030.

For this purpose, despite the economic and political uncertainties observed in the world in the following years, in order to ensure stable growth of Uzbekistan:

1. Development of human capital;
2. Energy resources market reform;
3. Privatization and transformation of enterprises
4. Acceleration;
5. Implementation of measures related to rational use of natural resources, especially water resources;
6. Measures are being taken to expand the use of public-private partnership projects in the development of social and industrial infrastructure.

Economic growth in our republic is achieved due to consistent continuation of structural reforms, as well as ensuring macroeconomic stability through balanced fiscal and monetary policy.

According to the economic growth forecasts of Uzbekistan prepared by international financial organizations for 2023, GDP growth in 2023 will be around 5.5 percent and by 2024 this indicator will be around 5.5-5.6 percent. is expected, see Table 2.

Table 2. Growth rate of the gross domestic product of Uzbekistan, in percent [7].

	2023	**2024**	**2025**	**2026**
International Monetary Fund	*5,5*	*5,5*	*X*	*X*
World Bank (October 2023)	5,5	5,6	5,8	X
Asian Development Bank (April 2023)	5,5	5,6	X	X
National forecasts	*5,6-5,8*	*5,6-5,8*	*6,4*	*6,4*

In our opinion, the main indicators that allow us to describe the financial potential of the region include the budgetary potential of the region, the financial potential of enterprises in the region, and the credit potential of the region. As an object of analysis, we will cite data related to Syrdarya, Jizzakh and Tashkent regions, see Tables 2-4.

Table 3. Indicators of the budget potential of the Syrdarya region in 2016-2022[8].

Indicators	2016	2017	2018	2019	2020	2021	2022
Local budget revenues (billion soums)	455,7	568,5	710,2	816,7	716,5	853,8	1147,8
Local budget expenditures (billion soums)	656,7	780,0	1184,6	1725,4	2375,6	1400	2671,1
Self-recovery rate (in %)	69,3	73,0	60,0	47,3	30,2	61,0	43,0

In 2022, the income of local budgets was formed in the amount of 49187.4 billion soums, and as a result of the government's attention to the socio-economic development of regions, the expenses of local budgets were implemented in the amount of 88787.6 billion soums. In turn, in order to ensure the balance of local budgets, special attention is paid to regulatory interbudgetary transfers. In the same way, in the Syrdarya region, due to special attention being paid to the growth of budget revenues and the use of the region's potential, local budget revenues increased by almost 2.5 times during the analyzed period, but the increase of budget expenditures compared to revenues was slightly higher. In particular, while analyzing the results of the 2022 budget implementation, the revenues of the local budget of the Syrdarya region amounted to 1147.8 billion. amounted to 2,671.1 billion soums. was more than soums. It can be seen that the level of self-recovery of the local budget is only 43.0 percent [9]. In 2023, the budget income of Sirdarya region will be 1406.1 billion. soums, budget expenditures are 2492.3 billion soums. 1086.2 billion soums and inter-budgetary transfers. forecasted in the amount of soum [10]. This, in turn, puts the task of strengthening economic potential not only in Syrdarya region, but also in other regions as an urgent task.

Table 4. Indicators of the budget potential of Jizzakh region in 2016-2022[11].

Indicators	2016	2017	2018	2019	2020	2021	2022
Local budget revenues (billion soums)	480,5	605,8	858,8	1 477,0	2 055,5	1 838,0	2 209,6
Local budget expenditures (billion soums)	992,4	1 083,9	1 849,3	2 534,7	2 057,7	2 927,2	3 928,5
Self-recovery rate (in %)	48%	56%	46%	58%	100%	63%	56%

Analyzing the regions of our country, we can see that the local budget revenues of only 2 regions, Navoi region and Tashkent city, are sufficient to cover the local budget expenses. Although the resource potential of Jizzakh region is high, we can see that inter-budgetary transfers have a great role in covering the budget expenses of the region. In particular, in 2023, the local budget revenues of Jizzakh region will be 2184.9 billion. soums, local budget expenditures are 3469.3 billion soums. 1284.4 billion soums and inter-budgetary transfers. forecasted in the amount of soum [10]. According to the data, the level of self-recovery of the local budget is 62.9 percent.

Comparing with the local budgets of Syrdarya and Jizzakh regions, we can see that the role of tax and non-tax revenues in the formation of budget potential of Tashkent region is somewhat important.

Table 5. Budget potential indicators of Tashkent region for 2016-2022[12].

Indicators	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Local budget revenues (billion soums)	1 817,7	1 775,0	1 949,3	3 721,5	2 395,5	3 734,1	4 526,0
Local budget expenditures (billion soums)	1 722,1	1 817,4	3 023,2	4 225,8	3 386,8	4 879,3	6 838,2
Self-recovery rate (in %)	105,0	97,6%	64,3	88,1%	70,7%	76,6%	66,2%

As a result, we can see that the level of self-recovery of the budget of the Tashkent region is somewhat higher, in particular, the level of self-recovery of the local budget of the Tashkent region in the period 2018-2022 is 64.5-76, is 7%.

In 2022, the share of tax revenues in the revenues of the budget of Tashkent region was 89.1%. The growth of tax revenues compared to 2021 was 5.6%. In general, we can observe that inter-budgetary transfers in the region during the analyzed period had a growing trend. Only the 2023 budget envisages achieving a balance of income and expenses (revenues are expected to be 5,866.2 billion soums and expenses are expected to be 5,866.2 billion soums).

In the conditions of the market economy, the effectiveness of the budget system and budget policy activities depends to a large extent on the budget capacity and the ability of the budget mechanism to collect financial resources at the disposal of the state. We recommend using the methodology of calculating certain indicators in the evaluation of the regional budget policy, which in turn allows for a holistic and comprehensive analysis of the budget policy implemented at the level of the region.

Table 6. Methodology of regional budget policy analysis.

Indicator	Calculation formula	Threshold value of the indicator
1	**2**	**3**
Level of budget independence, %	$Bmd = Od/D * 100\%$	At least 50%
Budget dependence rate, %	$Bbd = Btr/D * 100\%$	At least 50%
Budget stability level,%	$Bbar.d = Btr/Od * 100\%$	Not less than 100%
Budget deficit level,%	$Btd = Taqch/Od * 100\%$	It is not more than 10% of local budget revenues
Level of work activity of local authorities, %	$Mf.d. = Sz.dar/Od * 100\%$	Average in the region's districts
Share of taxable income in received income, %	$Sd.ul. = Sd/Od * 100\%$	60-70%
Budget coverage index, times	$Bqi = D/X$	1,00 and above
Level of budget income per capita, soums per person	$B.ah.bosh = D/A.s.$	Average in the region's districts
The level of provision of budget funds of the population, soums per person	$Btd = X/A.s.$	Average in the region's districts
The degree of dependence of the budget on exports, times	$Bebd = B.d.o'.s./He.h.o'.s.$	1.00 and above

Note:

D - the total volume of budget revenues;

X – general budget expenses;

Od - the received income, that is, the total amount of budget income after deducting inter-budgetary transfers;

Btr - interbudgetary transfers from the state budget;

Sz.dar – tax-free income;

Sd – taxable income;

Taqch - the scale of the shortage;

A.s. – population of the area;

B.d.o'.s. - growth rate of budget revenues;

He.h.o'.s. - the rate of growth of the region's export volume.

When we talk about the budget policy implemented at the level of the state or its regions, first of all, it is necessary to pay special attention to the issues of ensuring budget stability. It should be noted that the stability of the budget, meaning the extent to which the income part of the budget is sufficient to fulfill the obligations in terms of expenses, is directly related to the rate of development and the level of use of the revenue potential of the region, such a budget revenues serve as an important resource in the implementation of the state's socio-economic policy.

Although there are certain positive developments in improving the effectiveness of local budget policy, the revenues of the local budget of the Syrdarya region do not allow to fully cover their expenses, in particular, the budget coverage index remains below its threshold value, which the situation can also be observed in Jizzakh and Tashkent regions, see Figure 1.

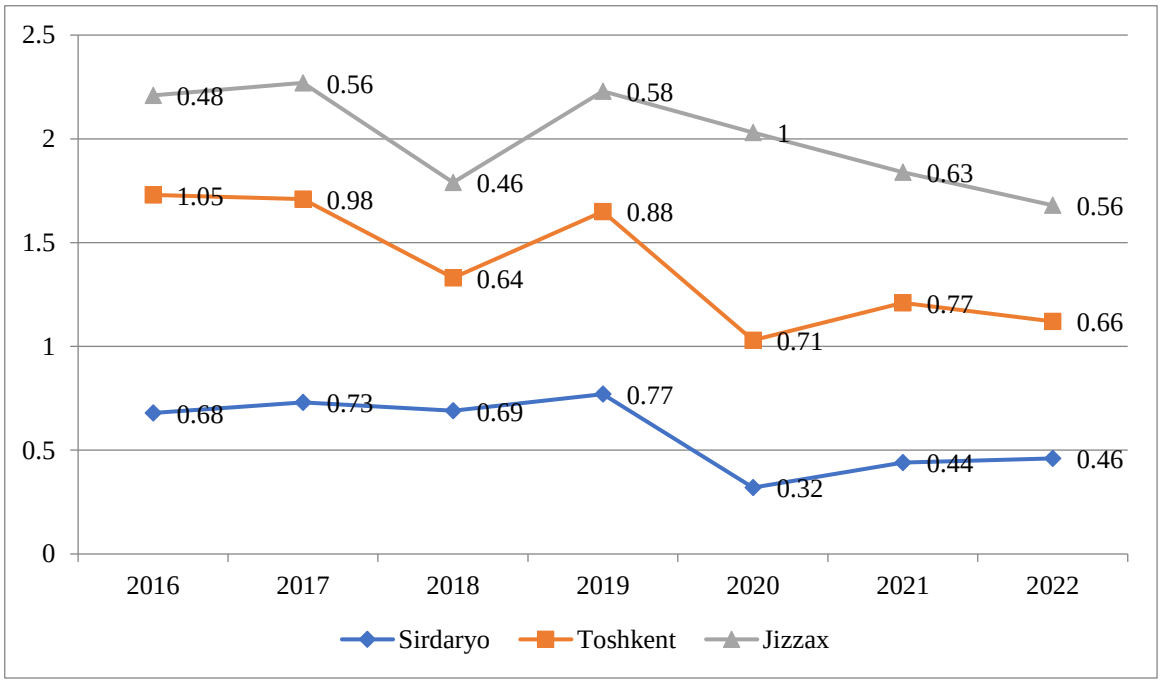

Figure 1. Dynamics of budget coverage index in Syrdarya, Tashkent and Jizzakh regions in 2016-2022 (threshold value is equal to 1.0).

The analysis shows that today in most regions of Uzbekistan, the revenue part of the local budgets does not allow to cover the costs, which in turn shows the need to focus the attention of the local government agencies on the development of competitive advantages of the regions.

In order to solve the existing problem of improving the financial potential, it is proposed to use a mathematical model. This economic-mathematical model is implemented using a special simplex method of linear programming in a different way from the previous models, and with the help of correlation analysis, it studies the relationship between the elements of the components of the financial potential. The application of appropriate approaches is carried out in the form of an algorithm that includes successive stages, which in turn helps to obtain optimal values of objective and subjective capabilities that can be involved and used for economic analysis. The practical use of the proposed optimization model will help to use the financial potential at a high level, ensure the socio-economic development of the region and increase the level of financial self-sufficiency.

Approaches based on economic-mathematical modeling are widely used in optimizing the financial potential of the region. Solving the problem requires the introduction of two thematic designations for the formation of the main indicators of

financial potential and modeling of its components. In general, the creation of an optimization model reflects a set of goals, methods and approaches for the comprehensive application of economic-mathematical modeling of the elements of the financial potential of the region.

It is convenient to use the simplex method when performing calculations using the method of priorities on the approval model. Approaches to optimization of financial potential can be described in the form of an algorithm that helps to obtain optimal values of objective and subjective capabilities during their sequential execution, see Table 7.

Table 7. Stages of optimizing the financial potential of the region.

Steps	The nature of the stage	Result
First	Defining the task of analysis	Clarification of elements of financial potential (determining factors)
Second	Mathematical representation of the financial potential of the region	The components of the financial potential of the region are appropriately expressed in mathematical form with letters (x).
Third	Modeling of financial potential	Linear correlations in the form of a multifactor model are determined for each of the financial capacity's constituents.
Fourth	Forming a mathematical model of optimizing the financial potential of the region	Creating a mathematical model using linear programming methods
The fifth	Approve the model	Applying the model in practice, using directional optimization methods
Sixth	Modeling predictive optimization potential	Modeling using sample area(s) data

To implement the methodology of authorship, first of all, we express the components of the financial potential of the region mathematically. let's determine the constituents of the target functions and express them mathematically (Table 3.2).

Thus, the model for optimizing the financial potential of the region is based on:

1. The process of determining the extremum of the function (choosing the best option from various possible options);
2. Order to make the indicators look the best (acceptable look);
3. Direct optimization process, looking for ways to improve some indicators without worsening the value of the remaining indicators.

Using the designations presented in Table 8, it is possible to create linear relationships in the form of a multifactor model for each of the constituents of financial potential.

Table 8. Mathematical representation of the financial potential of the region

Financial capacity groups	Competence elements (factors)	Mathematical expression
Budget capacity	Tax and tax-free income	x1
	Free help	x2
Financial potential of the enterprise	Private equity	x3
	Making future expenses and payments	x4
	Long-term liabilities	x5
	Current liabilities	x6
	Future earnings	x7
	Financial potential of small business enterprises	x8
	Financial potential of medium and large enterprises of the region	x9
Credit capacity	Interbank loans	x10
	Client funds	x11

This, in turn, requires clarification of the constituents of the region's financial potential, interdependent variables (yi), and systematize the obtained data i∈N3.

Table 9. Modeling the main elements of financial potential

Elements of financial potential	Mathematical model of presentation of financial potential organizers
y_1- budget potential	$y_1 \approx a1x_1 + a2x_2 + e$ - bivariate multifactorial linear model
y_2- financial potential of enterprises	$y_2 \approx a3x_3 + a4x_4 + a5x_5 + a6x_6 + a7x_7 + a8x_8 + a9x_9 + e$ - multifactorial linear model with seven variables
y_3- credit capacity	$y_3 \approx a10x_{10} + a11x11 + e$ - bivariate multifactorial linear model

In this way, based on the entered designations, we will have the opportunity to mathematically express the elements of the financial potential of the region, see Table 9.

The task of optimizing the financial potential can be expressed in the form of a mathematical model based on its main elements (budget potential, financial potential of enterprises, credit potential). In the research, we use linear programming approaches to create a mathematical model of the given task. The peculiarity of using this approach is explained by the need to study the relationships between the components of the financial potential of the region, as well as to model the possible directions of its optimization.
In this case, the question will be as follows:
1.x1 ≥ 0, x2 ≥0, x3 ≥0 ... xn ≥0 to find the values of the variables that satisfy the system of linear constraints:

$$\begin{cases} a_{11}x_1 + a_{12}x_2 + \cdots + a_{1n}x_n \vee b_1 \\ a_{21}x_1 + a_{22}x_2 + \cdots + a_{2n}x_n \vee b_2 \\ \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots. \\ a_{m1}x_1 + a_{m2}x_2 + \ldots + a_{mn}x_n \vee b_m \end{cases} \quad (1)$$

Here:
∨ - ≥; ≤; = a sign indicating acceptance of one of the designations;
aij ,i = (1,2...n), j= (1,2...m)- coefficients of the model, which will have a real value in the process of calculating the elements of financial potential;
n- number of elements;
m- the number of elements of financial potential;
bj, j= (1,2,3...m)- coefficients of the model taking real numerical values, they describe the possible limitations of the objective and subjective constituents of financial potential.
2. x1 ≥0, x2 ≥0, x3 ≥0 ... xn ≥0 corresponding values of the variables take the value of the extremum of the linear function:

$$Z = c_1x_1 + c_2x_2 + \ldots + c_nx_n = \sum_{j=1}^{n} c_jx_j \ (2)$$

This function becomes a target function. This area reflects the goal of optimizing the financial potential of one of the organizers, while the rest of the organizers can serve as a limiter. In linear programming problems, one can distinguish the same types of constraints in the form of linear inequalities or linear equations when choosing two variables. In addition, in order to simplify it, it is possible to formulate a task for the maximum of the objective function:

$$Z = c1x2 + c2x2 + \cdots + \cdots cnxn$$

≥; ≤; = Taking into account the creation of a mathematical model of the general linear programming problem by marking the symbols with the symbol ∨ -, formulas (3.1) and (3.2) can be expressed as follows:

(max)$Z = c_1x_1 + c_2x_2 + \ldots + c_nx_n$ (3.3)

$$a_{11}x_1 + a_{12}x_2 + \cdots + a_{1n}x_n\{\leq, =, \geq\}b_1$$
$$a_{21}x_1 + a_{22}x_2 + \cdots + a_{2n}x_n\{\leq, =, \geq\}b_2$$
$$\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots.$$
$$a_{m1}x_1 + a_{m2}x_2 + \ldots + a_{mn}x_n\{\leq, =, \geq\}b_m$$
$$x_1 \geq 0, x_2 \geq 0, \ldots \ x_n \geq 0. \ (3.5)$$

In turn, it is required to find the value of the variables x1,x2,x3...xn that satisfy the conditions (3.4) and (3.5), and this, in turn, takes the minimum and maximum value and affects the effectiveness of the implementation of the financial potential. shows.

The coordinates of the vector X = (x1,x2,..xn) corresponding to the system of constraints and the non-negation conditions of the equation (5) are the possible solutions of the linear programming problem.

In addition, the condition of linear non-dependence of variables x1,x2,x3...xn must be fulfilled, that is, the elements of financial potential must not be mutually correlated. Therefore, studying the interrelationship between the elements of financial potential and establishing multicollinearity between them is a very important aspect in the process of creating an optimization model.

In order to calculate the set correlation coefficient r,0≤r≤1 and clarify the matrix of correlation pair coefficients, it is required to clarify the density of connections between variables x1,x2,...,xn:

$$r = \begin{matrix} r_{x1x1} r_{x1x2} \dots r_{x1xn} \\ r_{x2x1} r_{x2x2} \dots r_{x2xn} \\ \dots \dots \dots \dots \dots \dots \\ r_{xnx1} r_{xnx2} \dots r_{xnxn} \end{matrix} \quad (5)$$

When creating an optimization model, it is recommended to present the task of maximizing financial potential as a multi-criteria optimization task. As a result, we have the following optimization model with many alternatives X=(x1,x2,...,x3):

$$F(x): X \to R, \quad F(x) = \left(f_1(x), \dots f_i(x), \dots f_l(x)\right) \to extr \in \{min, max\}, \quad (6)$$

Here: F (x):X→R- reflects the obtained value of elements of financial potential as a result of optimization.

The main criteria reflecting the main constituents of financial capacity can be optimized through model 3.7 and can be expressed as follows:

y1=f(x) →max(min), i∈N3 (7)

Here: $y_1 \approx a1x_1 + a2x_2 + e$- the maximum level of budget capacity;

$y_2 \approx a3x_3 + a4x_4 + a5x_5 + a6x_6 + a7x_7 + a8x_8 + a9x_9 + e$ - the maximum level of financial potential of enterprises;

$y_3 \approx a10x_{10} + a11x_{11} + e$ – the maximum level of credit capacity.

The regression model obtained using the above equations shows the presence of strong multi-collinearity among the independent variables, based on this, it was decided to use a time series model to increase the reliability of the analysis and reduce the value of random errors.

The level of development of small business and its share in GDP take an important place among the factors affecting financial potential. In Uzbekistan, the share of small business and entrepreneurship in the GDP was 51.8% in 2022, and 51.2% in 2023. In the Syrdarya region, we can see that this indicator is slightly higher than the indicator of the Republic, in particular, the analysis we can see that the share of small business in the GNP in the region has increased from 67% to 77%.

Taking into account the significance level of small business and private entrepreneurship in increasing the financial potential of the regions, ensuring the growth of tax revenues to the budget, using the time series model, the development of small business in the Syrdarya region until 2030 (lower, average) , high) variant prediction was developed. According to the pessimistic option, the share of small business in the GNP in the period until 2030 is 68.2%, according to the average option it is 82.4%, and in the high option it is 96.7%, see Figure 2.

In the Uzbekistan-2030 strategy, the strategic document defining the strategic goals and objectives of the socio-economically stable development of Uzbekistan in the period until 2030, the issues of the development of the "driver" sectors of industry and the full use of the industrial potential of the regions [13] special attention is paid. Researcher L. V. Buranova, "Increasing the volume of production of industrial products in the GNP will lead to an increase in the income base." For this, it can be done by studying the problems of the industrial sector, reducing the negative impact factors and creating the conditions" [14].

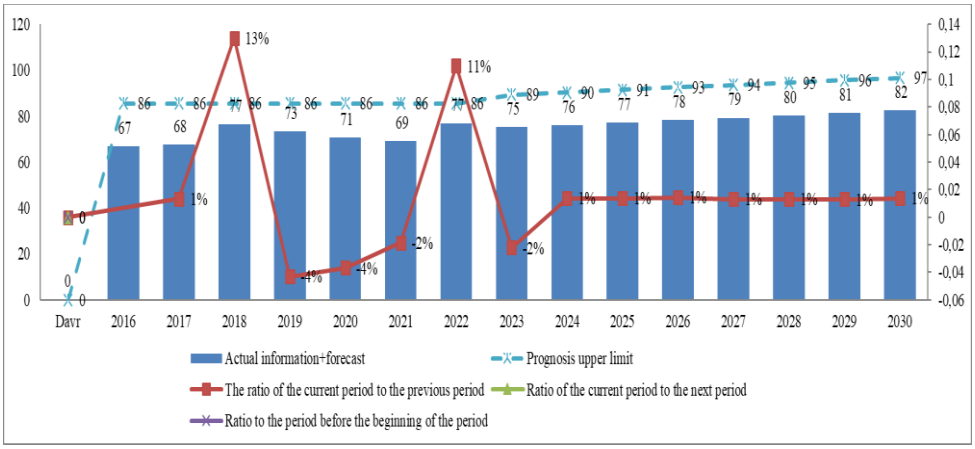

Figure 2. Change in the share of small business in GRP until 2030, in %.

As a result of the implementation of industrial projects in Syrdarya region, we can see that the share of industrial production in GNP is growing, in particular, the volume of industrial production in GNP increased by 3.5 times during the analyzed period. According to the analysis, the average growth rate of the GDP in the period until 2030 is 7%, while the growth rate of industrial production is 9% on average, which is in turn, it serves to strengthen the financial potential, see Figure 3.

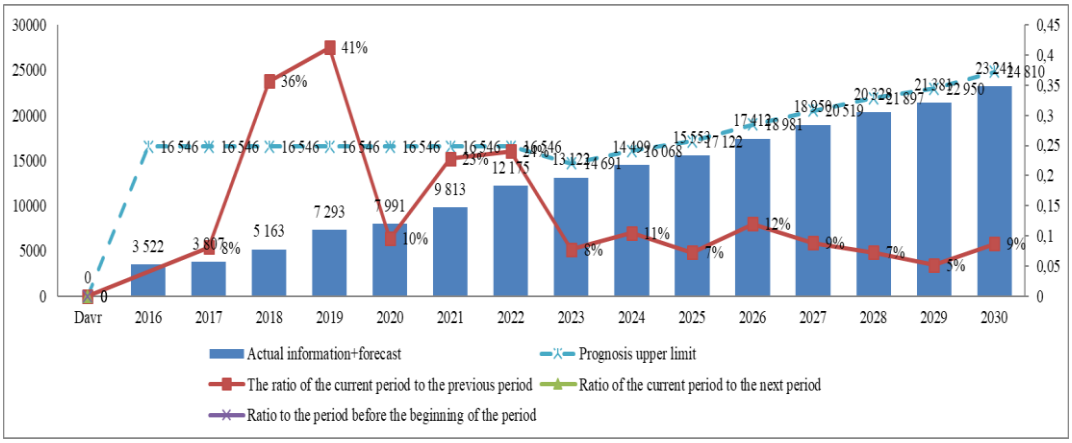

Figure 3. Changes in the volume of production of industrial products in GNI until 2030, in billion soums.

For the production of agricultural products, there is a demand for products from other sectors of the economy, in particular industrial products (fertilizers, tools and machines), the population employed in agriculture and living in rural areas demand for

necessary consumer goods increases due to the growth of incomes. Agriculture occupies an important place in the gross regional product of Syrdarya region. The share of agriculture in GNP is 39.4%, the share of industry is 24.9%, construction is 8.0%, and services is 27.7% [15] (2022).

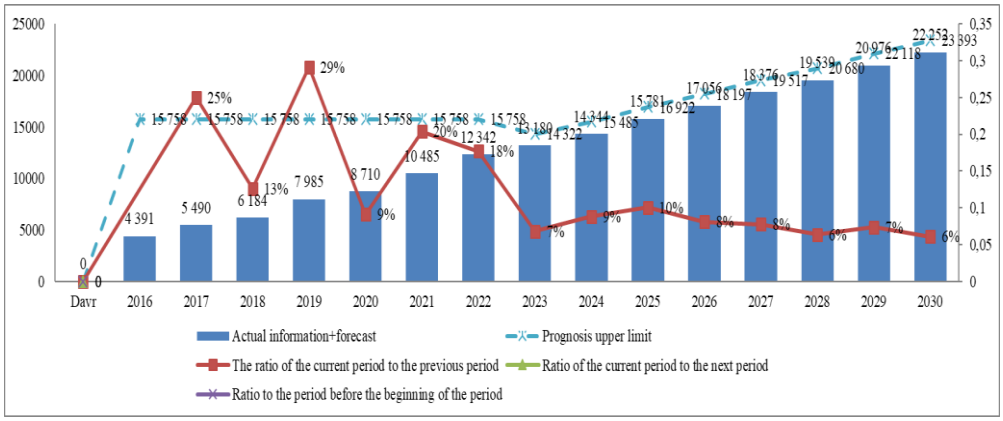

Figure 4. Change in the volume of agricultural production in GRP until 2030, billion soums.

In the forecast period, the average annual growth rate of agriculture is expected to be 7.5%, according to the optimistic forecast, the volume of production of agricultural products is expected to reach 23393 billion soums, see Figure 4.

Due to the rapid development of the service sector, in the next thirty years, a clear dominance of the service sector will be evident in the structure of the modern economy: today the share of the service sector in the structure of GDP and employment in the economy in developed countries is 70-80%. 2/3 of capital investments fall into the service sector[16]. Based on the priorities of ensuring economic development, the "Uzbekistan-2030" strategy defines the task of increasing the volume of services by 3 times through the development of services and service sectors in the regions [13].

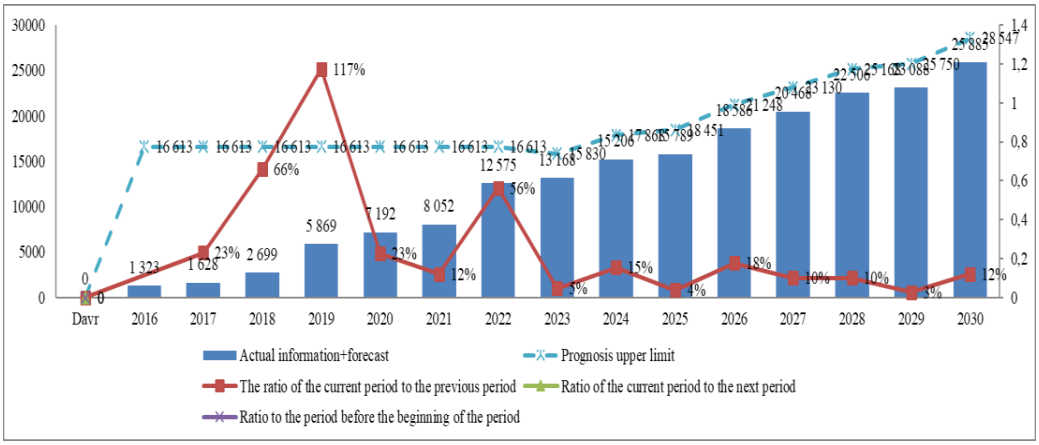

Figure 5. The change in the volume of service until 2030, in billion soums.

As the share of the Syrdarya region in the volume of services provided by regions is relatively small, only 1.2% [15] of the services provided throughout the Republic correspond to the region under analysis.

According to the analysis, the average annual growth rate of the services sector in the period until 2030 is expected to be 9.5%, the share of the services sector in the GDP is 79.7% at the upper limit of the forecast, on average 75.5% according to the limit, and 71.5% according to the pessimistic forecast, see Figure 5.

Investments in fixed capital play an important role in improving the structure of the economy, increasing employment and incomes of the population by launching new production facilities. In recent years, we can see that the dynamics of the volume of investments in fixed capital has a tendency to increase. It is appropriate to analyze investments in fixed capital in relation to the population. Research shows that in the period of 2020-2023, per capita capital investments increased from 6140.3 thousand soums to 9668.8 thousand soums in the Republic. this indicator increased from 8425.5 thousand soums to 16954.7 thousand soums in Syrdarya region, this indicator was 1.75 times higher than the indicator of the Republic. The analyzes of changes in the volume of investments show that in the period until 2030, the growth of investments will have a positive trend in all three forecast options, in particular, the average annual growth rate of investments will be from 10% constitutes a high indicator, see Figure 6.

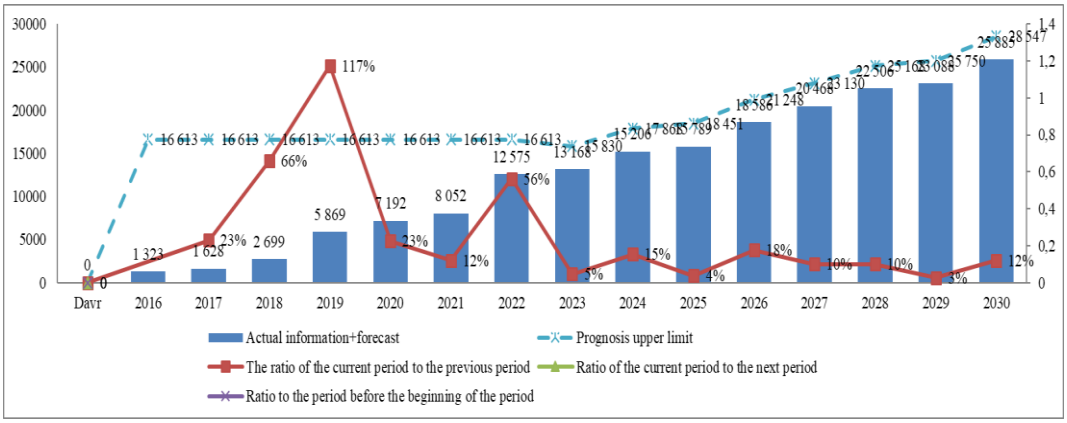

Figure 6. The dynamics of changes in the volume of investments until 2030, in billion soums.

Regulating the external economic activity of the regions, strengthening the export potential and sharply increasing the share of products with high added value in its structure [13] play an important role in strengthening the financial potential and the level of independence of the local budget. During the analysis based on time series, it was found that the rate of change of the export potential of the region is unstable, in particular, according to the analysis, according to the pessimistic forecast, the export volume by 2030 will be 419.6 million. 531.1 million US dollars according to a realistic forecast. US dollars, and according to the optimistic forecast, 642.7 million. It is expected that the USD will be established, see Figure 7.

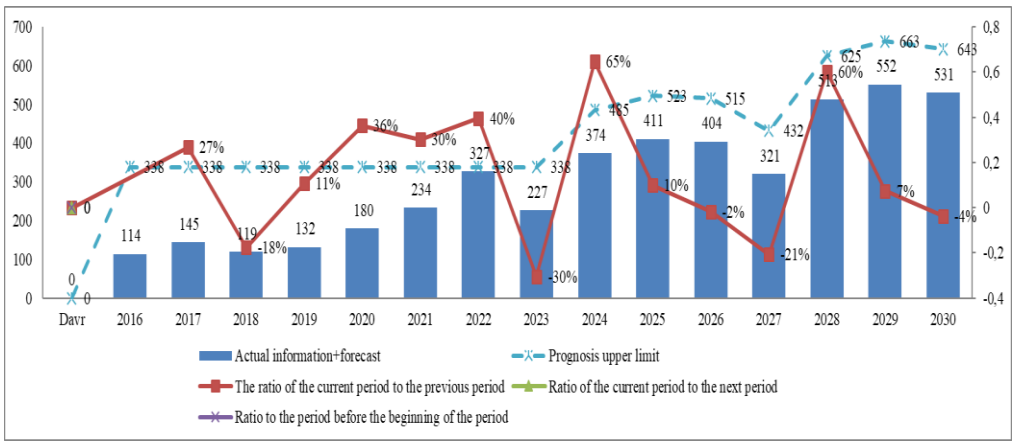

Figure 7. The dynamics of changes in the volume of exports in the period up to 2030, mln. US dollars.

In the forecast period, the volume of imports will also show a growth trend, which in turn is related to priorities such as the launch of new industrial projects in the region, renewal and modernization of the main funds.

If the volume of imports increased by 5.6 times in the period from 2016 to 2023, according to all three versions of the forecast, the trend of the increase in the volume of imports will be maintained until 2030, see Figure 8.

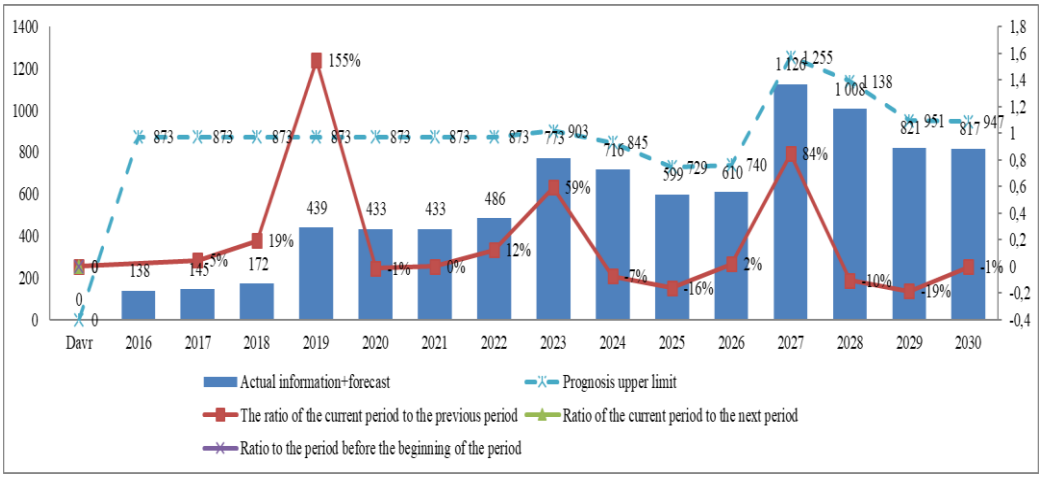

Figure 8. The dynamics of changes in the volume of imports in the period up to 2030, mln. US dollars.

Researcher L. Buranova in her research "the stability of the local budget income of the regions depends on the stability of the budget income base of the regions, the amount of the Gross Regional Product, the stability of the enterprises and organizations operating in different forms of ownership registered in the region, the composition, quantity and potential of labor resources, the main states that the volume of investments in capital depends on the attractiveness of attraction, the monetary policy conducted in the state, financial policy, and the level of increasing the economic potential of the region" [17]. It can be seen that each element of the financial potential ultimately affects the increase in the regional budget base and the level of financial potential.

The level of growth of the financial potential of the regions directly depends on the level of growth of the economic potential of the region and the strategy of social and economic development of the region. Based on the calculations made above, the analysis of the rate of change of the local budget revenue base until 2030 allows obtaining reasonable results. In particular, according to prognostic calculations, in the period until 2030, in the pessimistic version, local budget revenues will amount to 1165.0 billion. soums, 1623.1 billion soums in the average option and 2081.1 billion soums in the high option. it is expected to grow to soums, see Figure 9.

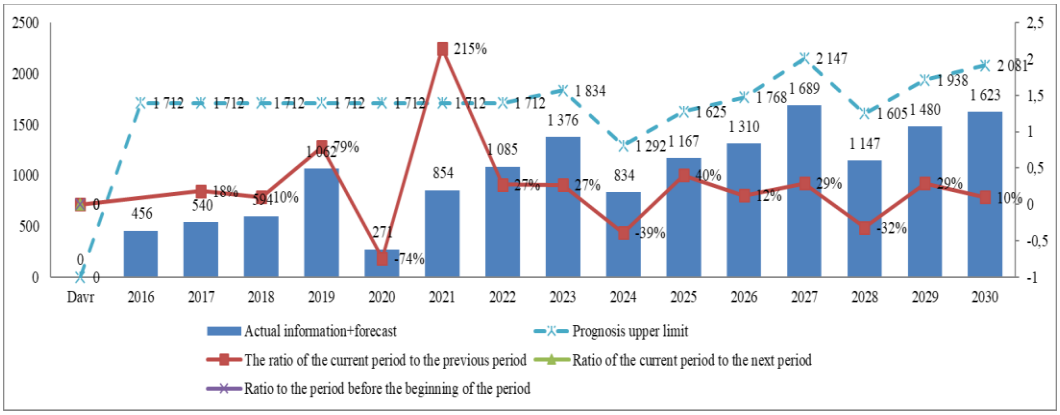

Figure 9. The dynamics of changes in local budget revenues in the period up to 2030, mln. US dollars.

However, it is predicted that in the period of 2024-2030, the expected expenses of the local budget of the Syrdarya region will be higher than the expected incomes (Figure 10), which in turn requires the implementation of systematic measures to strengthen the potential of the region.

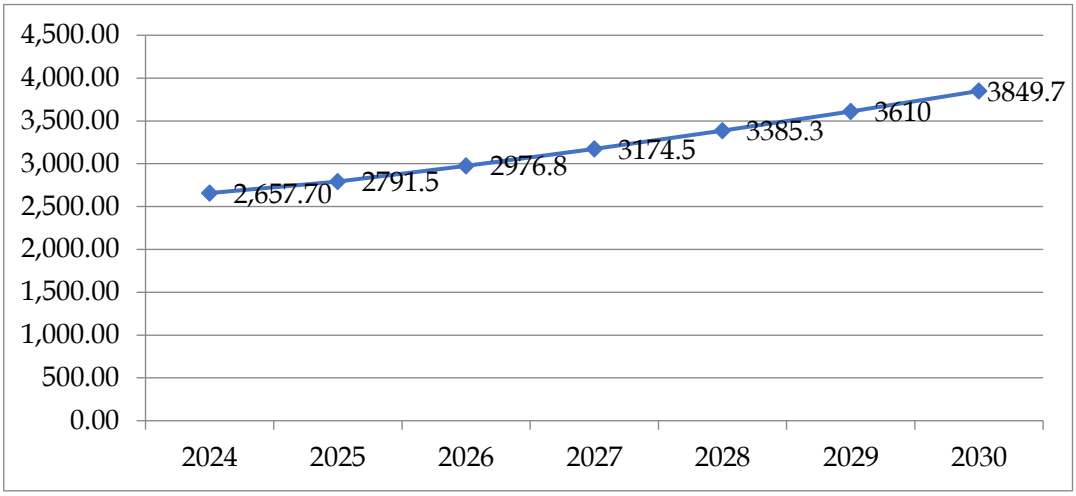

Figure 10. Growth of local budget expenditures of Syrdarya region until 2030, billion soums [8].

CONCLUSION

Fundamental Finding : At the current stage of economic reforms, the following are among the main directions of the strategy of financial development of the Syrdarya region and strengthening of the local budget revenue base: improvement of the regional structure of the local financial system, optimization of the dependence of the budgets of the lower level on the higher budgets; reducing the scope of the hidden economy by improving tax administration; strengthening financial discipline; ensuring food safety at the regional level; prospective planning and forecasting of the local budget; increasing the efficiency of budget funds directed to the development of regions; and strengthening interregional integration relations. However, in our opinion, the strategy of financial development of the regions should be based on defining the goals with high precision. In this Concept, first of all, it is necessary to reflect the goals and means of implementation, as well as the results (ends) of forecasting of regional financial planning processes. **Implication :** An effective concept of regional financial strategy should answer the following questions: state administration bodies can influence regional development by involving what and which means of financial influence; how the implementation of the planned activities will affect the region; and what will be the infrastructural costs of creating a system of necessary conditions for the formation and implementation of the region's financial strategy. **Limitation :** While these directions provide a comprehensive strategic framework, the text does not yet offer quantitative measures, timelines, or detailed implementation models, which may limit practical application. **Future Research :** Future research should aim to develop performance indicators, cost-benefit analyses, and modeling tools to evaluate the effectiveness of each strategic direction, as well as to simulate outcomes under various policy scenarios in regional financial development.

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