

*Workshop: Finance, insurance and stock-exchange industry,
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*Shuliuk B. S., Ph.D. in Economics, Associate Professor
of S. Yurii Finance Department,
Ternopil National Economic University
Ternopil, Ukraine*

ECONOMIC ASSESSMENT AND PERSPECTIVE FOR BUDGET PROJECTION DEVELOPMENT IN UKRAINE

Budget projection plays a significant role in the budget process, as it helps to determine the volume of budget revenues at all levels and reserves of their growth, as well as to justify budget expenditures, to develop recommendations for optimizing management decisions that are taken in the light of forecast data [1, p. 5]. The projection is based on a thorough study of information about the past and current state of the budget; revealing of certain regularities and tendencies; determination in accordance with them the ways of achieving the expected budget indicators; based on the results of an analysis finding of the best option for the development of inter-budgetary relations and the relationship between the participants in the budget process in general.

In the process of budget projection, several options are considered for budget policy, different budget concepts taking into account the tasks of economic and social development, objective and subjective factors that operate at the state and local levels. At the same time, the continuity of projection of budget determines the systematic refinement of budget indicators as new data is formed. The use of budget projection is due to the need for increasing predictability and consistency of budget policy.

The process of making decisions on the distribution of budget funds has traditionally been one of the most important elements of the budget process of

any country, on which to a large extent the effectiveness of the use of government financial resources depends. The overwhelming majority of modern countries have abandoned the policy of manual and conditional budget management for a long time, having formed an effective system of development of priorities for using budget funds. It is based on high-quality medium-term budget projection and rigid medium-term budget planning, closely integrated into the national planning system. Such a system allows to ensure the optimal redistribution of financial resources in the state economy, which would allow to realize the priority tasks of its social and economic development.

In the issue of budget projection and planning Ukraine lags behind the trends in economically developed countries. In the period of planned economy, the state had a fairly efficient and well-developed system of budget projection and planning, but in the conditions of development of a market economy, such a model objectively lost its practical value. At the same time, the new integrated system of the «western» type, which would correspond to the market economy model, was not fully implemented.

Despite significant advances in the formation of many important components of the budget system, the budget projection and planning system is traditionally characterized by a complex of fundamental problems. In particular, in practice, medium-term budget projection was carried out formally, which is due to:

firstly, frequent adjustments of budget legislation, a change in the influence of political decisions of previously selected priorities in budget expenditures;

secondly, unreliability of macroeconomic projection. At the stage of drafting budget projects of recent years, frequent and significant changes were made to the projection of previously proven macroeconomic indicators. This required a further bringing of the projected figures of budget expenditure into line with such changes. As practice shows, untimely adjustment of budget parameters at the stage of its preparation often led to the forced change of vectors of social and economic policy for the relevant year;

thirdly, the failure to fulfil projections in the process of implementation of budget indicators in the corresponding year, as evidenced by significant deviations between the projection indicators (which were calculated for a specific year annually, that is, three or two years in a row) and actual indicators.

Despite these problems of implementing medium-term budget projection, its use makes it possible to estimate the amount of budget funds that should be used to perform the assigned functions and tasks, as well as to promote the long-term and effective use of limited financial resources of Ukrainian. At the same time it is worthwhile to specify the projected budget indicators in a timely manner in accordance with the priorities of social policy, the economic situation of the country and the level of its financial support.

Thus, without improving the methodology for implementing budget projection, it is impossible to ensure the implementation of the strategic tasks of the society's development regarding the reduction of social inequality, the restoration of an active positive dynamics of citizens' incomes, and the quality provision of public services. Therefore, modernization measures should be aimed at finding the optimal model for combining centralization and decentralization with the use of rational management technologies, such as program-targeted budgeting methods, in order for state and local government authorities not only to spend money, but to do it productively and rationally, as the result to find additional sources for funding various sectors of the economy.

At the same time, Western countries in the last decade have already taken new steps by introducing innovative budget projection tools. In this context, it is necessary to introduce in Ukraine a number of new measures to continue the budget reform, which will accelerate positive changes in the budget projection system. The main directions of these changes should be noted as follows:

1. Development of a program of social and economic development of the state, which will be approved by the President during his term. Such program should include:

a) the forecast of social and economic development of the state, in particular in the medium and long term;

b) tasks, priorities of economic policy, in particular, strategy of budget policy, concrete measures in different spheres of economy;

c) projected expenditures of the state budget for the implementation of the proposed plan and the source of their financing [2].

2. Expanding competencies and strengthening the responsibilities of key managers. By centralizing the process of budget projection and strengthening control over the cash flows of the main spending units, the Ministry of Finance has assumed responsibility for the activities of the latter. At the same time, such a centralized model of financial resources management has shown its inefficiency. The Ministry of Finance of Ukraine needs to maximally relieve itself of minor functions, focusing on:

a) the definition of a budget policy strategy, that is, the distribution of funds between the main areas of government policy;

b) control over the budget discipline of the main funds managers and the efficiency of spending budget funds;

c) analysis and evaluation of the effectiveness of the budget policy in order to revise the directions of spending budget funds.

3. Optimization of the number of main spending units and the number of budget programs. There are about 80 main managers and more than 500 budget programs in Ukraine. In such situation, the Ministry of Finance of Ukraine physically can not analyze the effectiveness and validity of all budget requests, as well as the relevance of their use of budget funds to the strategic and current tasks of the government's social and economic policy. In this context, it is necessary to continue the process of reducing the number of key spending units.

4. Estimation of expenditures related to the main spending units in the corresponding period of the year. In case of insufficient funds, it is worthwhile to search for additional sources of their attraction. If this is not possible,

program activities should be ranked according to the importance of the program and selected the most important ones for social development.

5. Formation of an organizational mechanism for the implementation of program measures to ensure the adoption of optimal managerial decisions aimed at fulfilling certain tasks, provided for performance of certain tasks under condition of minimizing of cumulative resources and the achievement of main goal of the program. The benefits of such mechanism is that within it the perpetrators are assigned with the appropriate authority and responsibility for the final result.

Summarizing the above, it should be emphasized that special government bodies have been set up in Ukraine that are directly involved in the formation and implementation of long-term policy of state regulation of the economy and the social sphere of society; an appropriate legal framework has been created and a system of training personnel is functioning; the system of informational support of activity of state institutions dealing with economic planning and projection is established. However, there is a discrepancy between the needs of resource support for created perspective plans and programs with the annual budget capability of the relative territories.

We believe that the legislative consolidation of the procedure for developing a budget strategy as an integral part of the budget process in Ukraine will eliminate the multidirectional priorities of the state development, balance the revenues and expenditures of the budget, create an effective mechanism for the concentration of resources to address medium and long-term tasks.

References:

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2. Moldovan O. O. «Optimization of budget projection and planning processes in Ukraine». Analytical note [Electronic resource]. – Access mode: <http://www.niss.gov.ua/articles/1089/>.