

МЕХАНІЗМИ ДЕРЖАВНОГО УПРАВЛІННЯ

УДК 336.14:352]:336.012.7-0.45.52] (477)
DOI 10.36030/2310-2837-4(99)-2020-28-38

CONCEPTUALIZATION OF BUDGETARY POLICY IN THE FINANCIAL AND ECONOMIC STATE SYSTEM

A. P. Rachynskyi,

National Academy for Public Administration under the President of Ukraine

L. M. Karpenko,

Odessa Regional Institute for Public Administration of the National Academy for Public Administration under the President of Ukraine

Scientific research consists of substantiating and developing conceptual frameworks and recommendations for the formation of the budget regulation effective mechanism in Ukraine in the coordinates of the macroeconomic stabilization policy.

The purpose of the work is to study the systematization of the tool base for modelling the mechanism of budget management in the financial and economic state system and develop conceptual approaches to local budget development in the context of financial decentralization in Ukraine during 2018–2020 years. The authors had studied the structure of the budget mechanism and components of the budget management system as an instrumental basis for the conceptualization of local budgets in the economic system of the state. The practical side of the work is the monitoring of the effectiveness of the formation of the revenue side of local budgets as a financial basis for socio-economic regions development. In general, the implementation of administrative-territorial reform and the introduction of changes in the territorial organization of power in Ukraine provided an update of the system of revenue generation of local budgets.

The analysis of the selected research issues provides the conceptual basis for the formation of the mechanism of budget regulation in Ukraine; forms the platform for the development of macroeconomic stabilization policies. Prospects for further research are improving the issues of the effective functioning mechanism of the budget area and the implementation of integrated management analysis.

Keywords: budgetary mechanism; budgetary policy; budgetary regulation; state budget; local budgets; intergovernmental transfers.

КОНЦЕПТУАЛІЗАЦІЯ БЮДЖЕТНОЇ ПОЛІТИКИ У ФІНАНСОВО-ЕКОНОМІЧНІЙ СИСТЕМІ ДЕРЖАВИ

А. П. Рачинський,

Національна академія державного управління при Президентіві України

Л. М. Карпенко,

Одеський регіональний інститут державного управління Національної академії державного управління при Президентіві України

Наукове дослідження полягає в обґрунтуванні та розробці концептуальних засад і рекомендацій щодо формування дієвого механізму бюджетного регулювання в Україні в координатах макроекономічної політики стабілізації.

Мета статті полягає в дослідженні питань систематизації інструментальної бази моделювання механізму бюджетного управління у фінансово-економічній системі держави та розробці концептуальних підходів щодо розвитку місцевих бюджетів у контексті фінансової децентралізації в Україні. Прикладні аспекти дослідження ґрунтуються на визначенні основних напрямів та ефективності реалізації бюджетної політики в Україні за період 2018–2020 рр. Досліджено структуру бюджетного механізму та складових системи бюджетного управління як інструментального підґрунтя концептуалізації місцевих бюджетів в економічній системі держави. Практичною стороною роботи є моніторинг результативності формування дохідної частини місцевих бюджетів як фінансової основи соціально-економічного розвитку регіонів. У цілому проведення адміністративно-територіальної реформи та запровадження змін у територіальній організації влади в Україні забезпечило оновлення системи формування доходів місцевих бюджетів.

Аналіз, здійснений за обраною проблематикою дослідження, забезпечує концептуальною базою формування дієвого механізму бюджетної політики в Україні, формує платформу розбудови макроекономічної політики стабілізації. Перспективами подальших досліджень визначено поглиблене вивчення питань щодо механізму ефективного функціонування бюджетної сфери та здійснення інтегрованого управлінського аналізу.

Ключові слова: бюджетний механізм; бюджетна політика; бюджетне регулювання; державний бюджет; місцеві бюджети; міжбюджетні трансферти.

1. Introduction

At the present stage of Ukraine development the problem of balance of economic and social regions development acquires significance. That is, the vec-

tor of the state's orientation towards increasing the wealth of individual regions is important. That is, the state should promote the absence of poor regions on its territory.

© Карпенко Л. М., Рачинський А. П., 2020

The budget is one of the main instruments of macroeconomic policy. The budget has an impact on inflation, exchange rate policy, economic growth, investment attractiveness of the country. The quality of budget, tax, and financial policy in general largely determines the progressive, dynamic development of any state, its resilience to various financial and economic crises. The solution of problems of social and economic development should be carried out in the conditions of continuity of a course of budgetary policy on maintenance of macroeconomic balance and stability of budgetary system, decrease in dependence of budgets on a foreign economic situation.

Legislatively established budget rules minimize the dependence of the budget system on price volatility in the world energy market, increase the importance of long-term financial forecasting of revenues and expenditures of the budget system and form the necessary sovereign funds of Ukraine. Therefore, the research topic is relevant and important in terms of achieving further macroeconomic stability in Ukraine.

Ukraine's budget system highly depends on the situation of world commodity markets. Due to the fact, the possibilities for the budget are limited in order to significantly increase the budget expenditures in the areas that determine the economic development of the country, even with an understanding of the objective necessity of these expenditures. A significant part of the costs is socially oriented, and therefore they cannot be significantly reduced.

In Ukraine, the strategic directions of transformations in the economy and management in the process of implementing the Economic Reform Program are of great importance. Modernization of budget policy in these conditions is necessary to ensure sustainable economic growth and guaranteed performance of its functions by the state by streamlining public financial management, improving cost efficiency, reducing the budget deficit and public debt.

2. Problem Formulation and Methodology

The aim of the work consists of studying the issues systematization of the instrumental base for modeling the mechanism of budget management in the financial and economic state system and conceptual bases for the development of local budgets in the context of financial decentralization in Ukraine.

General theoretical and economic-statistical methods were used in solving the tasks. The methodological basis forms a number of the following methods: scientific abstraction, classification and systematization – to identify the main components of the budgetary policy formation; methods of forecasting based on trend extrapolation and revealing functional dependence – to study trends in

the volume of budget types; methods of dialectical and formal logic, analysis and synthesis, systematic approach, decomposition method – for the development of managerial tools and methodological support for the modelling the budgetary efficiency system in Ukraine's state policy.

3. Analysis of recent research and publications

The work of many domestic and foreign scientists is devoted to the formation of the budget and its impact on the socio-economic development of the country. At the current stage of the national economy development of Ukraine it is very important to show the role of budget policy in the macroeconomic stability of the state, because it depends on the implementation of the Presidential Program of Economic Reforms for 2019–2022.

The works of many Ukrainian and foreign scholars, in particular: V. Andrushchenko, V. Bazylevych, T. Bondaruk, V. Geyts, E. Deynek, L. Karpenko, L. Kovalenko, Y. Kravchenko, I. Lunina, S. Sember, L. Tarangul, O. Tymchenko, V. Tropina, N. Khrushchev, M. Chumachenko, R. Sturm, I. Yanzhula and others are devoted to the study of theoretical aspects of budget policy development. However, some issues, in particular, modeling an effective mechanism for managing the budget process in the coordinates of financial and economic security of the country and the development of conceptual frameworks for optimizing the country's potential remain insufficiently explored. There is a need to improve and expand the study of this issue. In addition, the domestic scientific literature is insufficiently studied issues related to the development of local budgets in the context of systemic transformations in the economy and public administration, taking into account financial decentralization and changing the role of local governments in ensuring socio-economic development.

4. Problem Solution

Given that the Ukrainian state is currently in the process of transforming the socio-economic system and governance mechanism, the main aspect of which is the European integration direction and support, adoption and approximation to the standards of economic and social development of the euro area, reformatting budget policy and strengthening the role of local budgets view of the role and place of local budgets in the financial system of the state. Therefore, there is a need to study this category and develop an understanding of its essence among economists.

The state budget is one of the main parts of the financial system, in which significant part of national income is concentrated. Sufficient filling of the revenue side of the state budget is a factor that reflects the level of economic development of the country, the

potential of the European integration space, ensuring economic and social stability and decent standard of living (Buriak, 2009).

Budget mechanism – the complex of developed and legally established in the state forms and methods of creating and using financial resources to regulate social and economic processes, and the main purpose of this regulation is to provide financial rates and proportions of economic development and social guarantees to the population (Deineko, 2014).

To date, there is no consensus in the economic literature on the interpretation of the category of «financial mechanism». The financial mechanism in the works of leading Western scholars is not considered as a separate object, but financial methods of influencing the state, enterprise and society are thoroughly studied. Thus, it can be argued that the budgetary mechanism is an integral part of the financial mechanism. As a component of the general system of economic man-

agement of financial resources, indicators, rates, norms, sanctions, benefits (all tools for the movement of funds). The budgetary mechanism should distinguish two main functions: ensuring and regulating economic and social processes in the state. Budget support is implemented through the use of methods of budget financing, lending, etc. Each of these methods has its own characteristics of their application in practice (Danchevska, 2016, P. 225–237).

Budget financing takes into account the conditions for determining the amount of funding, the frequency of transfer of funds, the rate of expenditure on a particular type of expenditure, etc. When lending, attention is paid to the terms of loans. In order to finance relevant activities or programs, it is necessary to work out and legally establish forms of resource mobilization through taxes, fees and other payments.

The structure of the budgetary mechanism is presented in Fig.1.

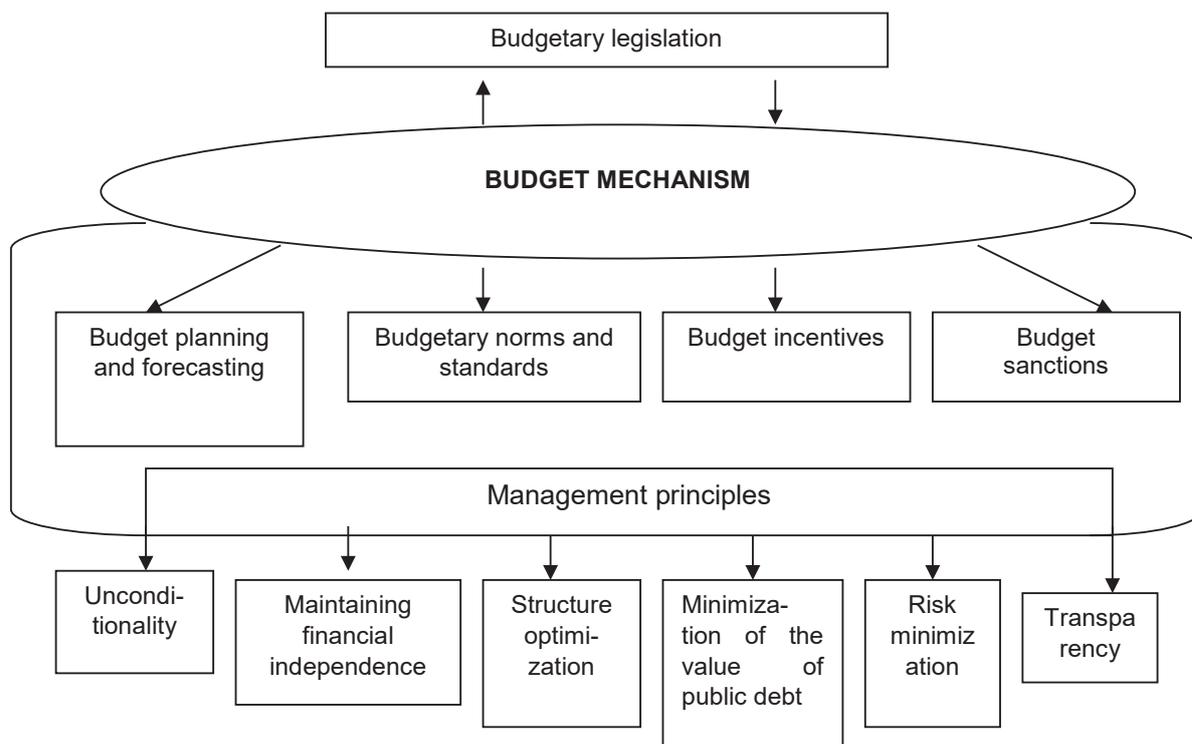


Fig. 1. The structure of the budgetary mechanism (source: systematized by the authors)

agement, the budgetary mechanism reveals the nature of the economic system as a whole. In quantitative and qualitative terms, the budgetary mechanism is determined by the amount of financial resources that are accumulated and spent at the appropriate levels of economic management, technology of mobilization and use. Of great importance is the correctness of the chosen technology of these processes, namely the subject and object of mobilization and expendi-

In general, the budget mechanism is a schematic diagram of the practical use of budget funds in the economy and their impact on relevant processes (Heiets, 2006, P. 3–6). However, the budgetary mechanism has its own differences in practical application at the level of the state, economic entities or segments of the population.

The economic nature of the budgetary mechanism is determined by two approaches.

The first approach: the *budgetary mechanism* – the process of functioning of the budget funds themselves, namely the reflection of the internal organization of the functioning of financial resources.

The second approach: the *budgetary mechanism* is a set of methods and forms, tools and levers of influence on the state and development of the economy, and hence the reflection of the external action of the budget and financial resources as a factor is influencing the state of the economy (Karpenko, Voronzhak, 2017).

Summarizing the theoretical material, it can be argued that the budgetary mechanism is a set of forms and methods of formation and use of budgetary resources used to influence the economic and social development of society.

Budget management, like any management system, has interconnected parts (Fig. 2).

The system of budget management bodies is quite extensive. There are *four groups of budget management authorities*:

1) General budget management authority, in particular, the legislature and the executive (since the budget as the main financial plan of the state is approved by law, respectively, the Verkhovna Rada is the leading authority in budget management. Executive authorities ensure the preparation of the draft budget and its implementation);

2) Authorities of operational budget management and budget control. These include: the financial apparatus of the state (Ministry of Finance of Ukraine, the Accounting Chamber of Ukraine, the State Treasury Service of Ukraine, the State Fiscal Service of Ukraine, and the State Financial Inspection of Ukraine) and intersectoral and sectoral budget management (Karpenko, Pashko, 2019).

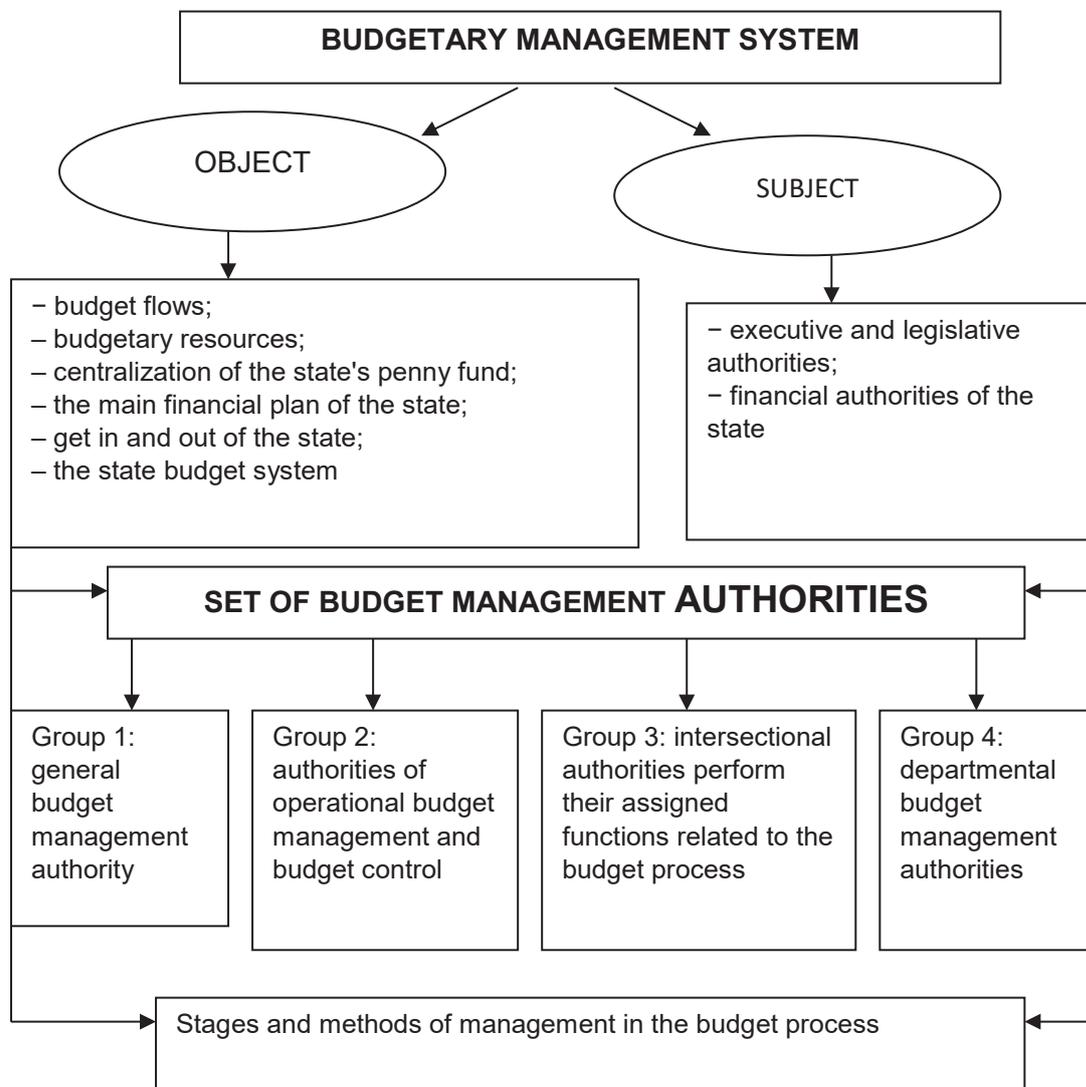


Fig. 2. Components of budget management systems (source: systematized by the authors)

P. 1–8; Karpenko, 2018, P. 136–138; Karpenko, 2019, P. 369–372).

Ministry of Finance of Ukraine: drafts the state budget; organizes the execution of the state budget; conducts methodical work on budget planning; develops a strategy for internal and external borrowing of the state, repayment and servicing of public debt; monitors the implementation of the state budget, prepares a report on its implementation, etc.

The Accounting Chamber of Ukraine is an authority of external non-departmental control over the budget process and monitors the timely implementation of the State Budget of Ukraine, compliance with current legislation in the area of budget policy.

The State Treasury Service of Ukraine carries out: organization of cash execution of state and local budgets and control over this process; financing of state and local budget expenditures; management of available funds of the state and local budgets, keeps accounting of all operations on execution of the state and local budgets and makes the report on their execution; warning participants of the budget process about improper implementation of budget legislation, etc.

The State Fiscal Service of Ukraine is a central authority of executive power that ensures the formation of a unified state tax and state customs policy in terms of administration of taxes and fees, customs payments and implementation of state policy on administration of a single contribution, ensures the formation and implementation of state policy. Application of tax and customs legislation, as well as legislation on the payment of a single contribution.

The State Financial Inspectorate of Ukraine is the central executive authority that controls the targeted use of state and local budgets; preparation of budget reports, passports of budget programs and reports on their implementation; the state of internal control and internal audit of budget managers; elimination of identified shortcomings and violations, etc.;

3) Intersectoral authorities perform the functions assigned to them related to the budget process. These include: the National Bank of Ukraine, the State Property Fund of Ukraine, the Ministry of Economic Development and Trade of Ukraine, the Prosecutor General's Office of Ukraine, the Ministry of Internal Affairs of Ukraine, justice and notary offices, state inspection authorities for price control of various environmental authorities and inspections and others.

These authorities are related to the budget in terms of revenue generation, as they have the right to accrue and collect certain payments (state duty) and penalties (fines for violating customs regulations, for violating environmental legislation, use of aquatic forest and other natural resources), as well as regarding the use of budget funds;

4) Departmental budget management authorities, which include management structures, primarily line ministries and departments, enterprises, organizations, institutions, the heads of which are endowed with the functions of budget managers, receive funds from the budget and finance subordinate enterprises, organizations, institutions and other structures (are responsible for their intended use).

Further it is considered expedient focus on local budgeting. The financial basis for the development of territorial communities is local budgets. In the process of reforming local self-government and territorial organization of power, the functioning of local budgets should be aimed at activating internal capacity, applying mechanisms to increase the revenue base, ensuring optimal use of community resources and its stable economic development. These issues become especially relevant in connection with the implementation of the first stage of administrative-territorial reform, amendments to budget and tax legislation and the implementation of a number of sectoral reforms.

The multifaceted role of local budgets is that they are:

- factor of socio-economic development and financial stability;
- important tool for financial equalization and macroeconomic regulation;
- lever of redistribution of social product;
- financial base of realization the functions of government;
- plan for the formation and expenditure of financial resources of the territory;
- source of financial resources to ensure the development of administrative-territorial education;
- tool for implementing national strategies, state and regional development programs.

Special attention should also be paid to the main features of local budgets. These include the following:

- territorial affiliation of the local budget (the criterion for assigning a certain budget to local is not just administrative-territorial affiliation, but belonging to the territorial community as a form of independent organization of the population. This feature reflects the scope of the local budget);
- social orientation (about a third of local budgets are used to meet the social needs of the population);
- dependence of the formation and use of financial resources of the local budget on the economic potential of the territory;
- dependence of the formation and functioning of the local budget on the peculiarities of building inter-budgetary relations;
- legislative and regulatory certainty of the peculiarities of drawing up and functioning of local budgets;

- determination of local authorities, population and business entities that are or live in the territory of the administrative-territorial entity, participants in budgetary relations.

The formation of the institution of local budgets in Ukraine is based on the principles of building a budget system, among which, according to the Budget Code, are:

- the principle of unity of the budget system of Ukraine (this principle is characterized by the formation on the basis of a single for all elements of the budget system regulatory and legal framework, a single financial and monetary system, uniform rules for regulating intergovernmental relations, a single budget classification, etc.);

- the principle of independence (both state and local budgets are independent elements of the budget system, none of the local budgets or the state budget is responsible for the budgetary obligations of others);

- the principle of balance (interdependence of the formation of the revenue side of the budget and planning of the expenditure part in the relevant budget period);

- the principle of completeness (the budget includes all revenues and expenditures determined by the relevant regulations);

- the principle of validity (planning and formation of revenues and expenditures of budgets is carried out in accordance with the level of socio-economic development and key macroeconomic indicators on the basis of developed and approved methods and rules);

- the principle of efficiency and effectiveness (the formation of the institution of local budgets must meet the requirements of achieving relevant national goals, innovative economic development and reducing the cost of spending financial resources);

- the principle of targeted use of budget funds (budget funds are spent exclusively on goals that are determined by budget allocations and allocations);

- the principle of subsidiary (redistribution of budgetary resources takes place between budgets of different levels to ensure maximum approximation of guaranteed funds to direct consumers);

- the principle of fairness and impartiality (distribution of budgetary resources between budgets of different levels is based on fairness and reducing the level of social differentiation);

- the principle of transparency and publicity (the process of forming and implementing budgets at various levels should be transparent and with public access to it).

The methodology for diagnosing the level of budget decentralization of the region includes elements:

- the concept of diagnosing the level of budget region decentralization;

- principles of diagnostics of the level of budget region decentralization;

- methods of diagnosing the level of budget region decentralization;

- directions of diagnostics of the level of budget decentralization of the region;

- methodical approaches and tools for diagnosing the level of budget region decentralization.

The next step is to consider the issue of foreign practice for formation and coordination of local budgets. Ukraine, as a sovereign state, became the member of the Council of Europe, acceded to the European Charter of Local Self-Government and ratified this act. Thus, it has committed itself to building local finances in line with international standards. Such standards are an important component of the doctrine of local finance.

The problems of establishing an institution of independent local budgets in Ukraine cannot be solved without using foreign experience in generating local budget revenues, which account for more than 70 percent in Sweden and Switzerland, 50 percent in Spain, and 56 percent in Norway. This is also due to the need to introduce in Ukraine the division of local budgets into two separate sections: the current budget and the investment budget. Each of these budgets should have its own revenue and expenditure (Radelytskyy, Prokipchuk, 2018, P. 65–74).

Development budget revenues should be generated from part of tax revenues, utility loans, bank loans and investment subsidies. Expenditures of this budget should be directed exclusively to investment programs, the purchase of equipment and repayment of the bulk of local government debt.

Let's consider some aspects of the specified foreign experience of functioning of system of independent local budgets (Radelytskyy, 2018, P. 36–45).

An important structural characteristic of the budget system of the state is the degree of its centralization. The degree of centralization of power in the country has a certain influence on the structure of the budget system in this sense, which is again enshrined in its state system. In federal states, the centralization of power and the budget system is much lower than in unitary states. Another important indicator of centralization (decentralization) of the budget system is the share of central government budget transfers to local government budgets. According to their share in the current revenues of these budgets, it is possible to draw a conclusion about the degree of their dependence on the central administration. The inverse indicator is the degree of financial autonomy of lo-

cal budgets from the budget of the central administration. It is calculated by dividing the own (fixed) revenues of the local budget by its current revenues and is expressed as a percentage. It should be emphasized that the own revenues of local budgets in democratically developed countries are literally their own, those that are not part of the revenues of higher budgets and, therefore, are not regulated from above.

Types of local budgets in federal countries are determined on the basis of the legislation of each subject of the federation. In unitary states, their system is established on the basis of a single national law. Both federal and unitary foreign countries do not have a single budget system and a single budget classification. Therefore, in relation to the practice of developed countries, it is incorrect to use the term budget system. The concept of budget system should be used. These countries do not form a single consolidated national budget. Each level of government has its own, independent and separate budget. He forms and executes this budget independently, according to the functions assigned to him. The budgets of lower-level administrative units of foreign countries are not included in the budgets of higher-level administrative units. Thus, the concept of consolidated budgets of administrative-territorial entities is not used here (Voronzhak, 2018, P. 86–87).

Despite the diversity of local budgets and their multiplicity in foreign countries, they can be grouped into certain systems. Each country has an individual, unique system of local budgets. Foreign countries are usually characterized by a three or four levels system of budgets. For example, Sweden has a three-level budget system. These are the budget of the central government, the budgets of the provinces and the budgets of the communes. A three-level system of budgets has been established in Norway, Finland and other countries. The four-level budget system, for example, operates in France. These

are the budget of the central government, the budgets of the regions, the budgets of the departments and the budgets of the communes. There are four-level in the system of budgets of Germany: the budget of the federation, the budget of the land, the budget of the district and the budget of the community. In the US, four major system-level budgets: central, staff, municipal and count, and a number of additional, related to the operation targeted administrative units, in the example, and other school districts. In Eastern European countries, such as Poland, there are three budget levels. This is the budget of the central government, the budgets of the voivodeships.

According to the author's opinion, the greatest stability in terms of the source of subsidies is grants in France (in particular, the global operating grant). In countries with stable economies, budget transfers, which have the nature of budget subsidies, are financed from such a source (Germany, France, and Poland). With regard to related budget transfers, the most appropriate source for them is budget expenditures, depending on the amount of local expenditures. As can be seen, countries with transformational economies (Latvia, Lithuania) are unable to provide a stable source of budget transfers, and therefore prefer budget allocations, the amount of which depends on budget capabilities and political factors (see Table 1) (Shevchuk, 2016, P. 166–175; Radelytskyy, 2018, P. 36–45).

Table 1. Sources of the budget transfers fund in different countries

Country	Types of budget transfers	Sources of budget transfers
Germany	<ul style="list-style-type: none"> – additional grants – investment aid – grants for joint tasks – structural fund 	<ul style="list-style-type: none"> – 2 % of the value added tax (VAT) amount is paid from the federal – depending on local expenses
France	<ul style="list-style-type: none"> – global funding grant – subsidies for compensation of tax benefits – global subsidy for equipment – VAT compensation – special subventions 	<ul style="list-style-type: none"> – annual indexed share of VAT – budget allocations, share – income tax – depending on local expenses – budget allocations – depending on local expenses
Sweden	<ul style="list-style-type: none"> – decoupled subsidies – targeted grants 	<ul style="list-style-type: none"> – budget allocations – depending on local expenses
Poland	<ul style="list-style-type: none"> – general subventions – targeted grants 	<ul style="list-style-type: none"> – share in state budget expenditures – budget allocations – depending on local expenses
Latvia	<ul style="list-style-type: none"> – budget subsidies – subsidies from the equalization fund – targeted grants 	<ul style="list-style-type: none"> – budget allocations – the share of income tax – budget allocations
Lithuania	<ul style="list-style-type: none"> – budget subsidies – special subsidies 	<ul style="list-style-type: none"> – budget allocations

World experience shows that decentralization and the development of the modern system of local self-government have become the main components

of the modern period, in particular, in Central and Eastern Europe. The quality and pace of local government reform in Central Europe remain a defining position of the European integration strategy, which is closely linked to the process of harmonizing the legal framework of the countries and the legal system of the European Union.

The practical side of the work consists of the monitoring the effectiveness of the formation of the effective part of local budgets as a financial basis for socio-economic regions development. In general, the implementation of administrative-territorial reform and the introduction of changes in the territorial organization of power in Ukraine provided an update of the system of revenue generation of local budgets. Since the main task of financial and managerial decentralization was to create capable and finan-

can be assessed by analyzing the dynamics of local budget revenues of Ukraine, in particular by comparing the share of state and local budget income in Gross Domestic Product (GDP). It can be noted that over the last decade the share of local budget income in GDP fluctuated between 13.1–16.1 %.

However, since the reform of the fiscal system the indicator is growing slowly, and it had achieved in 2001 year the maximum level – 16.1 %. Growth trend of local budget income as a share of GDP in 2015–2019 due to an increase in the share of own income of local budgets in GDP (from 5.7 % in 2014 to 7.7 % in 2019) (Zvity Derzhavnoi fiskalnoi sluzhby Ukrainy, 2020).

The dynamic of the share of budget incomes of Ukraine in 2018–2020 is given in the Table. 2. The analysis had showed positive dynamics in local budgets for each year.

Table 2. Dynamics of the share of Ukraine budget incomes in 2018–2020, %

Income's part of the Ukraine budget to Gross Domestic Product, %			
2018			
Indicator	Local budgets	National budget	Consolidated budget
Tax revenues	6.5	25.0	31.5
Non-tax revenues	0.8	4.9	5.7
Others	0.1	0.2	0.3
Total	7.4	30.0	37.5
Intergovernmental transfers	8.6	0.2	–
2019			
Indicator	Local budgets	National budget	Consolidated budget
Tax revenues	6.8	20.1	26.9
Non-tax revenues	0.7	4.7	5.4
Others	0.1	0.1	0.2
Total	7.6	24.9	32.5
Intergovernmental transfers	6.5	0.2	6.8
2020 (as of 11.01.2020)			
Indicator	Local budgets	National budget	Consolidated budget
Tax revenues	7.3	19.7	26.9
Non-tax revenues	0.5	5.5	6.0
Others	0.1	0.1	0.2
Total	7.9	25.2	33.1
Intergovernmental transfers	4.1	0.3	–
Δ (in 2020 compared to 2018), percentage points	+0.5	-4.8	-4.4
Δ (in 2020 compared to 2019), percentage points	+0.3	+0.3	+0.6
Δ (in 2019 compared to 2018), percentage points	+0.2	-5.1	-5.0

Source: calculated by the authors according to the data [9]: <http://old.cost.ua/budget/revenue/>

cially independent administrative-territorial units of the basic level, the issue of achieving this goal is relevant and requires a detailed analysis of indicators and determine the reasons for their importance. The level of achievement of financial decentralization

In 2019 year 1,403 local budgets received intergovernmental transfers, which is 114 budgets more than in 2018. In particular, 782 transfers were transferred to the budgets of the united territorial communities.

In 2019, transfers (base subsidies, additional subsidies, subventions) were provided to local budgets from the state budget in the total amount of UAH 261.4 billion, which is UAH 38.0 billion less than in 2018. The decrease was mainly due to a decrease in the amount of subventions for the provision of benefits and housing subsidies (- UAH 48.3 billion) in connection with the introduction in Ukraine of monetization of benefits and housing subsidies to the population, which are financed from the budget program «Payment of benefits and housing subsidies to citizens for payment of housing and utility services in cash» (UAH 24.0 billion). At the same time, the volume of educational subventions increased significantly – up to UAH 70.4 billion against UAH 60.4 billion in 2018 (+ UAH 10.0 billion). A reverse subsidy was transferred from local budgets to the state budget in the amount of UAH 6.8 billion, which is UAH 1.4 billion more than in 2018 (Price of the State, 2020).

Fig. 3 shows the quality of local budgets that have a relationship with the state budget for intergovernmental transfers in 2018–2019.

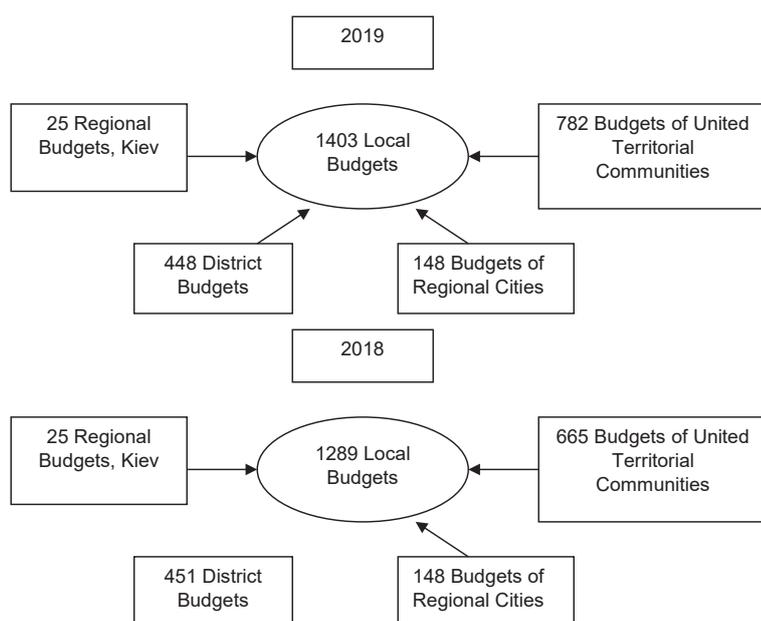


Fig. 3. The quality of local budgets that have a relationship with the state budget for inter budgetary transfers in 2018–2019

Source: systematized by the authors according to the data [9]: <http://old.cost.ua/budget/revenue/>

5. Conclusions and prospects for further research. The key basis for financing local self-government is local budgets. Given the trends of local government reform and financial decentralization, the implementation of the announced changes in the completion of the first stage of the reform requires their assessment and impact on ensuring the capacity

of administrative-territorial formations of the basic level. To implement this task, it is advisable to use the methodology for diagnosing the level of budget decentralization of the regions of Ukraine, which should be used to identify trends in local budgets in the period 2013–2018, before and after the local government reform.

The evaluation should be based on the definition of the following main criteria: the level of budget decentralization by revenue, expenditure and the level of financial stability of local budgets by transfers.

The study shows that the development of market relations requires the creation of adequate to the new conditions of the financial basis for the functioning of local government. The current stage of development of local finances in Ukraine is incomplete due to the unresolved number of fundamental issues, among which an important place is occupied by the insignificance of local fiscal powers of local self-government and the dominance of delegated expenditure powers. The formation of market relations in the transforming countries and in Ukraine necessitates the creation of adequate financial conditions for local governments, which requires the review of both expenditures and revenues of the budget system, and increase their autonomy in terms of expenditures and revenues.

In the context of the analysis of changes in the composition and structure of local budget revenues, an increase in the differentiation of revenues to general and special funds almost doubled in the period after the changes in budget and tax legislation. This is evidence of the growing social orientation of budgetary resources and the lack of their focus on the economic development of administrative-territorial units of lower levels. The role of basic taxes in ensuring the capacity of territorial communities is determined. There is a transition to the use of subventions as transfers to local budgets, which indicates a decrease in the ability of local governments to resolve the issue of directing funds from the provided transfers to the relevant areas.

Analysis of the formation of the budget for the development of local budgets showed that their impact on socio-economic development is currently insignificant due to the small amount of funds allocated for this purpose. The vast majority of local governments do not create appropriate funds due to lack of funds. The dominance of state targeted

transfers in the fund for the development of local budgets indicates the low ability of city budgets to create conditions for local development at the expense of their own resources. Strengthening their impact on local development is possible through the growth of development budgets due to the general increase in local budget revenues. At the same time, it is proved that due to the significant horizontal differentiation of the distribution of income potential and expenditure needs, their important part should remain state investment subventions, the rejection of which will lead to increased disparities in territorial development.

In order to achieve a more dynamic economic development of cities and regions, to strengthen the tendency to overcome poverty and increase

the well-being of citizens, the authorities and local governments must rely not only on internal but also on external resources. The simplest, given the cost and effort to attract, but at the same time an effective resource for economic growth, which is available at the local level, is foreign direct investment.

In general, the analysis of the selected research issues provides the tool base for process modeling of the budget management mechanism in the coordinates of the economic security system; forms special platform for developing the budget and tax mechanism. Prospects for further research are to improve the mechanism of effective functioning of the budget sphere and the implementation of integrated management analysis.

References

- Buriak, P. Yu. (2009). Kontseptualni ta metodychni osnovy audytu efektyvnosti / Natsionalna biblioteka Ukrainy imeni Ver-nadskoho. Retrieved from: http://www.nbu.gov.ua/portal/Soc_Gum/Vldfa/2009_16/BurjakP.pdf
- Deineko, Ye.V. (2014). Vnutrishnii kontrol v umovakh reformuvannia systemy derzhavnogo finansovoho kontroliu v Ukraini : avtoref. dys. ... kand. ekon. nauk : spets. 08.00.08 «Hroshi, finansy i kredyt». Kharkiv. 20 p. [in Ukrainian].
- Danchevska, I. R. (2016). Orhanizatsiia ta provedennia derzhavnogo finansovoho audytu vykonannia mistsevykh biudzhetiv Ukrainy. *Problemy teorii ta praktyky oblikovo-analitychnykh nauk* : kolektyvna monohrafiia pratsivnykiv i aspirantiv kafedry obliku i audytu LNU im. Ivana Franka. P. 225–237 [in Ukrainian].
- Heiets, V. M. (2006). Priorytety sotsialno-ekonomichnogo rozvytku Ukrainy ta rol biudzhethoi stratehii v yikh realizatsii. *Naukovi pratsi NDFI*. Is. 2. P. 3–6 [in Ukrainian].
- Karpenko, L. & Voronzhak, P. (2017). Statement of Budgeting Management at Industrial Enterprises in Coordinates of the Financial and Economic Security System. *International Relations 2017: Current issues of world economy and politics* : Conference proceedings 18th International Scientific Conference Smolenice Castle, 30th November [Volume of Scientific Papers]. University of Economics in Bratislava, 2017.
- Karpenko, L. & Pashko, P. (2019). Formation of the system of fair businesspractice of the company under conditions of corporate responsibility. *Academy of Strategic Management Journal*. Vol.18 (2), P.1–8. Retrieved from: <https://www.abacademies.org/articles/Formation-of-the-system-of-fair-business-practice-of-the-company-1939-6104-18-2-339.pdf>
- Karpenko, L. M. (2018). Mizhnarodnyi dosvid vdoskonalennia systemy derzhavnogo finansovoho kontroliu v Ukraini: praktyka zastosuvannia. *Ekonomichni perspektyvy pidpriemnytstva v Ukraini* : materialy II Mizhnarodnoi nauk.-prakt. konf. , (Natsionalnyi universytet derzhavnoi podatkovoi sluzhby Ukrainy, m. Irpin, 18–19 zhovtnia 2018). Irpin : Universytet DFS Ukrainy. Is. 1. 321 p. Vol. 119). P. 136–138 (Serii «Podatkova ta mytna sprava v Ukraini» [in Ukrainian].
- Karpenko, L. M. (2019). Otsiniuvannia efektyvnosti derzhavnogo finansovoho kontroliu hospodarskoi diialnosti v Odeskoi oblasti. *Upravlinnia publichnymy finansamy ta problemy zabezpechennia natsionalnoi ekonomichnoi bezpeky* : zbirnyk tez Podatkovoho konhresu (m. Irpin, 12 hrudnia 2019 r.). Irpin : Universytet DFS Ukrainy. 713 p. Vol. 141). P. 369–372. (Serii «Podatkova ta mytna sprava v Ukraini» [in Ukrainian].
- Price of the State (2020). Ukraine Budget Statistics [online]. [cit. 2020-12-27]. Retrieved from: <http://old.cost.ua/budget/revenue/>
- Shevchuk, V. O. (2016). Mekhanizm upravlinnia biudzhethnymy resursamy: problemy ta perspektyvy udoskonalennia. *Oblik i finansy*. Is. 3 (73). P. 166–175 [in Ukrainian].
- Radelytskyy, Yu., Prokipchuk, L. (2018). Strategic priorities for development of local budgets in the context of local government reform. *Eurasian Academic Research Journal*. Is.10. P. 65–74 [in Ukrainian].
- Radelytskyy Yu. Local budgets under conditions of financial decentralization. *Eurasian Academic Research Journal*. № 11 (29). P. 36-45.
- Voronzhak, P. V. (2018). Zarubizhnyi dosvid mistsevoho opodatkovannia: praktyka zastosuvannia v Ukraini. *Reformuvannia publichnoho upravlinnia ta administruvannia: teoriia, praktyka, mizhnarodnyi dosvid* : materialy Vseukrainskoi nauk.-prakt. konf. za mizhn.uch. / Odeskyi rehionalnyi instytut derzhavnogo upravlinnia Natsionalnoi akademii derzhavnogo upravlinnia pry Prezydentovi Ukrainy, m. Odesa, 26 zhovtnia 2018 r. Odesa : ORIDU NADU. S. 86–87 [in Ukrainian].
- Zvity Derzhavnoi fiskalnoi sluzhby Ukrainy. Retrieved from: <http://sfs.gov.ua/diyalnist-/plani-ta-zviti-roboti-/237691.html>

Рачинський Анатолій Петрович,

доктор наук з державного управління, професор,
професор кафедри публічного управління та публічної
служби, вчений секретар Національної академії
державного управління при Президентіві України,
03057, Україна, м. Київ, вул. Антона Цедіка, 20

Карпенко Лідія Миколаївна,

доктор економічних наук, професор,
професор кафедри економічної та фінансової політики,
Одеський регіональний інститут державного управління
Національної академії державного управління при
Президентіві України,
65009, Україна, м. Одеса, вул. Генуезька, 22

Цитування: Рачинський А. П., Карпенко Л. М.
Концептуалізація бюджетної політики в фінансово-
економічній системі держави. *Вісн. НАДУ. Серія*
«Державне управління». 2020. № 4 (99). С. 28–38.

Стаття надійшла: 08.12.2020

Схвалено до друку: 16.12.2020

Rachynskyi, Anatoliy P.

Doctor of Science in Public Administration, Professor,
Professor of the Public Administration and Public
Service Department, the Academic Secretary of National
Academy for Public Administration under the President
of Ukraine,

20, Anton Tsedyk St., Kyiv, 03057, Ukraine

E-mail: arachynsky@ukr.net

<http://orcid.org/0000-0001-9888-6978>

Karpenko, Lidiia M.,

Doctor in Economics, Professor,
Professor of the Economic and Financial Policy
Department,

Odessa Regional Institute for Public Administration of the
National Academy for Public Administration under the
President of Ukraine,

22, Genoese St., Odessa, 650009, Ukraine

E-mail: Lidiako888@gmail.com

<http://orcid.org/0000-0002-2888-2477>

Citation: Rachynskyi, A. P., Karpenko, L. M. (2020).
Kontseptualizatsiia biudzhetnoi polityky v finansovo-
ekonomichnii systemi derzhavy [Conceptualization of
budgetary policy in the financial and economic state system].
Bulletin of the NAPA. Series «Public Administration».
Is. 4 (99). P. 28–38 [in Ukrainian].

Article arrived: 08.12.2020

Accepted: 16.12.2020