

Nikolay Kolesnik

S. O. Gerashchenko, research supervisor

V. V. Zabolotnikova, language adviser

National Mining University, Dnipro, Ukraine

## **Problems and Ways of Activating the Budget Process in Ukraine**

Along with winning the independence of Ukraine there arose an important task is to create own financial and fiscal systems, and provide currently their further improvement. A serious obstacle on the way was the instability of the legislation, the inconsistency and contradictory nature of some of its provisions. In this regard, problems of budgets functioning and intergovernmental relations, become of great importance.

Conventionally, the problem of the budget process in Ukraine can be divided into three categories:

- 1) on the stage of the budget adoption;
- 2) during the budget implementation;
- 3) the problem of control and responsibility for the budget process.

A problem that has always pursued the budget process in Ukraine, it was adoption, as well as a chronic late actions of public authorities. The need for the adoption of the budget each year just increases the complexity of the problems. Political instability and lack of political consensus, defending private interests of some officials makes the budget adoption problematic without mentioning making it in time.

The next problem of budget process in Ukraine is the lack of strategic component in the budget process. The budget is planned for the year, while the strategic development of the state and its components requires a long-term financial plans. As a result, the financial budget and social economic strategy of the state develop separately, instead of the necessary union.

Stage of the budget adoption and the problems that occur on it lead to another problem. In Ukraine, the state budget is approved first which determines the main profitable sources of local budgets, and then the regional budgets are approved. This procedure is not optimal, because with a sufficient level of autonomy of local budgets (which at least has been declared by the Ukrainian authorities), approval of the budget of the Central Government and local budgets are the components of two separate budgetary processes.

Another problem in the budget process, both at the stage of the budget adoption and its implementation is the transparency of the budget process.

Actually the budget process in Ukraine is torn away from the population. There are no public hearings and discussions, round tables are not created with appropriate coverage of their activities and no results in the media. Detailed figures for the budget are not published too, that does not give the possibility to conduct a qualitative analysis of the results and the course of the budget process implementation.

The present day situation greatly complicates the implementation of Ukraine's strategic objective to ensure accelerated economic growth and it requires achievement the improvement of budget development mechanism. In our opinion, this goal is possible is provided by the improvement of existing models of planning and financing the perspective expenditures as follows:

- determine the development budget of the state budget as a part of its special fund and introduce planning and accounting revenues and expenditures to the budget development at the level of particular low, which should be annex to the state budget for the respective year and is approved by Verkhovna Rada of Ukraine;

- view the sources of the General and Special Fund of the state budget formation by including the following points:

- 1) profit from the privatization of the state property (completely or partially);

- 2) Government external and internal borrowings;

- 3) fees for special use of natural resources;

- 4) other non-tax income;

- 5) income from capital transactions, in particular:

- income from the sale of primary capital;

- profit from the sale of state-owned stocks;

- income from the sale of land and intangible assets;

- to ensure through the development budget of the state budget funding budget programs implementation, which focus mainly on economic development.

This model in our opinion, will effectively function at the national and local levels as well. The implementation of the proposed model at the national level requires:

1. a reform of the management system of public finances;

2. Improvement of the methodological and regulatory framework of the budget process organization in Ukraine.

However, the benefits that we can get with implementation this model are:

- enhancing the manageability of the system for managing public finances for financial support of the implementation of the strategy of accelerated economic growth;

- fiscal policy transparency and manageability by society;

– enable to recommend it for practical application in the budget process.

So, to solve the above mentioned problems, it is necessary to adopt a package of measures:

- to decentralize the management of budgetary funds;

- improving of intergovernmental relations;

- improving the efficiency and transparency of the use of budget funds;

- establishing direct connection between the allocation of budget funds and the results of funds use;

- development and realization of budgetary programs focused on the end result.