

### **Possibilities of use of budgeting in public finances management**

Public Financial Management is becoming a major way of economic stabilization and sustainable economic growth. Because of this, there is a need to improve the efficiency of budget funds usage. This goal can be gained by a program-oriented budgeting (budgeting for results) which substantiates the link between state budget expenditures and planned results from the use of financial resources.

The concept of program-oriented budgeting is not changeless. It supposes different ways of establishing a link between public expenditure and meaningful results for society. The method of program-oriented budgeting can be used for planning costs state authorities, local self-government and individual spending units (ministries, budgetary institutions, public enterprises, etc.).

One of the elements of budgeting is the use of contract forms of financing, which allows to allocate budgetary resources agencies and organizations depending on their performance. The key point is the definition of direct and final activities of ministries and departments. When planning the budget expenditure one should use quantitative analysis which is based on the method of "cost-benefit". With instrument allows to analyze alternatives by comparing the direct and indirect benefits for society.

The experience of countries that use the budgeting of public finances (Canada, USA, Australia, Netherlands) demonstrates that this method can improve approaches to improve the validity of decisions about directions of public expenditures, as well as an opportunity to reduce costs without reducing government programs.

Thus, the transition from the management of budget expenditures to performance management and efficiency of public spending depends on the definition set goals and expected results. The main objective is to provide better public services.

## **Summary**

Program-oriented public expenditure management and the corresponding budgeting adopted in some developed countries, may increase the efficiency of public expenditures due to the concentration of resources on the truly important direction for society. The positive potential of program-oriented budgeting is determined by the strong links between state expenditures to the achievement of concrete results.