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FINANCIAL POLICY IN THE CONTEXT OF IMPLEMENTATION OF THE STRUCTURAL REFORMS IN UKRAINE

Efficient functioning of the country's financial system depends on coordination of the financial relations in the society as well as feasibility of the financial mechanism facilitating the country's financial policy implementation. Financial policy effectiveness influences successful exercise of the regulatory function of the country among other factors. Lack of the workable financial policy in Ukraine was especially evident in the time of political and economic crisis and the external aggression when setting priorities in financing and ensuring rational use of budget resources were especially critical issues. Not least of all, owing to lack of the due prioritization of the budget expenses and existence of fiscal pressure on the economy that entailed further deformations of the entire financial policy.

A lasting contribution to exploration of the theoretical and practical bases of formation and implementation of the country's financial policy has been made by the domestic scientists: V. Andrushchenko, S. Bukovynskyi, A. Buriachenko, O. Vasylyk, I. Zapatrina, O. Zvarych, L. Lysiak, I. Liutyi, I. Makarchuk, A. Miarkovskyi, V. Oparin, D. Polozenko, V. Fedosov, I. Chugunov, S. Yurii and others. Some aspects of financial policy as the tool managing the socioeconomic growth of the country have been researched by the foreign scientists: S. Blankart, B. Boldyriev, J. Buchanan, A. Wagner, L. Drobozina, J. Stiglitz and others. But the modern financial policy in the context of structural reform implementation in Ukraine requires further research.

In spite of the substantial scientific researches and theoretical achievements, the country furthers inefficient practices in terms of orientation of the financial policy in course of the structural reforms in Ukraine. In particular, this concerns determination of the conceptual bases of formation and development of the financial policy priorities fitting in with the modern environment, coordination of the budget policy at the state, regional and local levels with long term planning and forecasting, and identification of the role of the budget policy in achieving the socioeconomic result during the structural reforms.

The modern financial policy should consider the versatility, complexity and multivariance of financial management pursuing achievement of the established goal and fulfillment of the objectives aimed at efficient development of the above. The state financial policy may not be determined once for all. Instead, at the modern stage of the domestic economy development, it should be flexible and adjustable in response to the changes of the internal and external factors.

Undoubtedly, the socioeconomic growth, the financial standing of the country, and the wellbeing of the people depend on the quality of design and efficiency of the country's financial policy.

The main challenges of financial policy constitute the problems of sustainable advancement, competitiveness of the economy of Ukraine, approval of the updated financial development model. This is the way to enable Ukraine to preserve and most effectively use the existing scientific and technological potential to effectuate the structural changes and occupy the proper place in the world. Furthering the direction and acceleration of market reforms based on the innovative foundations, radicalization of the systemic changes may ensure progressive development of the country [5].

It is worth noting that the financial policy is based on the budgetary policy that is first of all associated with generation and execution of the budgets of any level. Economic instability and curtailing of production have a destructive influence on generation of return and coverage of the budgetary expenses. It is essential to establish the optimal boundaries of functioning of the budgets of all levels and to ensure their quality and rhythmical execution subject to preservation of the leading role of the State Budget of Ukraine (table).

The estimates of the Summary and the State Budget of Ukraine in 2011–2016

Years	Summary Budget				State Budget			
	Revenues, billion hryvnias	Expenses, billion hryvnias	Deficit		Revenues, billion hryvnias	Expenses, billion hryvnias	Deficit	
			billion hryvnias	% GDP			billion hryvnias	% GDP
2011	398.6	416.9	23.1	1.7	314.0	333.5	23.6	1.7
2012	445.5	492.5	50.8	3.5	346.1	396.8	53.4	3.7
2013	442.8	505.8	63.6	4.2	339.2	403.5	64.7	4.3
2014	456.1	523.1	72.0	4.6	357.1	430.2	78.1	5.0
2015	652.0	679.9	30.9	2.3	534.7	576.9	45.2	1.6
2016	525.3	556.7	63.4	–	407.6	470.8	126.8	–

Source: [3]

The research of formation and implementation of the financial policy in Ukraine has proved that this policy is very diverse. Currently, the financial policy manifests mostly the tactical nature, achieves the existing objectives, executes the functions of redistribution and stabilization, and partially meets the strategic goals of socioeconomic development. In view of the above, the main objective has to be activation of the regulatory function of the financial policy, introduction of the efficient mechanisms, and development of the strategic goal-oriented solutions for the purpose of establishing the connection with the socioeconomic strategy in the government regulation system [5].

According to the summary of the first half of 2017, the inflation has almost twice exceeded the government expectations. The economy seems to be gradually recovering, the real GDP

growth was 2,4% in the period of time from the quarter II of 2016 to the quarter II of 2017. However, this is only a minor growth in comparison to the downfall of Ukraine's economy in 2014–2015.

Revitalization of the economy in the period of the structural reforms was enabled due to:

- increasing the amount of investments into the economy of Ukraine;
- boosting the export as a result of rising of the prices at the commodity markets;
- and activating the internal consumption.

The financial policy should be focused on sustaining macroeconomic stability and efficiency of financial resource distribution. The finances, while playing the governing and stimulating role, should be aimed at engineering the efficient production structure, fostering the scientific and technical advancement, cost-effective use of the resources and upgrading the work performance. In addition, the budgetary policy should be organically liaised with functioning of the other tools and act as a coordinator at the national level at the account of:

- acceleration of economic growth by creating favorable investment environment and maintaining macroeconomic stability, in particular, extension of fiscal consolidation:
 - implementation of efficient governing by reforming the government regulation, decentralization and state finance reformation;
 - development of the human capital by reforming the systems of healthcare and education, improving the state social assistance;
 - establishment of the rule of law and elimination of corruption by supporting the adequate functioning of the corruption countering institutions, provision of the equal access to administration of justice and effective property right protection;
 - maintenance of the national defense and security, specifically, protection of the country's sovereignty and territorial integrity, as well as the most important aspects of the people's security [4].

The financial policy, if aimed at versatile modernization of the domestic economy, may make it possible to increase its efficiency and improve the investment climate. It is the complex approach to setting the priority directions of the financial policy that enables redistribution of the resources in favor of efficient vectors of the government policy [2].

These key principles shall be implemented by means of the following:

- increasing the efficiency of the use of the budgetary funds due to strengthening the connection between the budgetary allotment and the country's strategic priorities and assessing the expediency and relevancy of the expenses;
- maintaining the professional and manned army equipped with the state-of-the-art technologies to protect the peace in Ukraine and Europe;
- introducing the core healthcare reform based on the principle of financing the services rather than the hospital beds and providing every Ukrainian with access to the quality medical care;
- developing the education reform and offering better possibilities for the children necessary to raise and prepare the child for further successful life in the society;
- establishing the fair social protection system through implementation of the pension reform, modernization of the pensions, increase of the liability and accountability in the system of benefits to ensure maximum accuracy, clarity and proximity of the corresponding social service for those who require it;

- providing the due remuneration of labor for both the public sector employees and those working in the private sector by gradually increasing the salary and taking measure to eliminate the off-the-books salaries;
- deregulating and creating favorable business environment in order to attract more investments to innovations, agricultural industry and other sectors producing the added value in Ukraine and promoting the small and medium business;
- integrating Ukraine's and the EU's economies by means of implementation of the commercial and economic provisions of the Ukraine–European Union Association Agreement, in particular, the provisions associated with the free trade area (DCFTA);
- abiding by the principle of equal gender rights and opportunities by the major administrators of budgetary funds in course of the budget target formation [4].

In the recent years, the state financial policy of Ukraine is gradually adjusting to resolution of the economic and social problems by means of the indirect levers. To enable efficient financial policy of the country, it is necessary to implement the structural reforms such as the land, the pension, and the healthcare reforms; clear privatization and full realization of the budgetary policy will give a chance to Ukraine to reach its potential in the forthcoming three years. The main objective of the debt policy shall be to achieve the target values in the debt load with the state budget financing in the planned scope and to decrease the debt service expenses [4; 6; 7].

The main challenge of the debt policy of Ukraine in the nearest future is essential increase in the external debt payments starting from 2019. Therefore, the important objective of the debt policy for the next three years is to secure full access to external financing sources in order to refund such debts, as well as to decrease the debt service costs and provide a more flexible debt redemption plan [1; 4].

Accordingly, the possibilities of boosting the socioeconomic development in Ukraine are associated with improving the productivity and efficiency of the financial policy. In recognition of the existing tangible risks of the economic growth slowdown that may become active, in course of financial policy formation it is necessary to design a set of preventive measures the implementation of which will restrain the extension of imbalances in the system of the state finance of Ukraine. Apart from rationalization of the budget expenses, it has to include a number of fiscal measures that will, if necessary, ensure additional increase of the budget revenues without increasing the fiscal load on the income of the least wealthy fraction of the population and the technological industries of the economy.

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