

THEORETICAL BASES OF THE USE OF PROGRAMMATIC-HAVING A SPECIAL PURPOSE METHOD (PHSPM) AND HIS APPLICATION ARE IN UKRAINE

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Abstract: *In the given article there is determination of concept of programmatic-having a special purpose method of planning of budget (PHSPM), essence of this method opens up on the basis of bringing basic advantages over and failings, Project "Reform of local budgets of Ukraine" is examined as a practical example of introduction and distribution of PHSPM at local level taking into account experience of application of method the countries of European Union.*

Keywords: *budgetary programs; strategic planning; profits and charges; analysis, estimation, monitoring of the programs; transparency of budgetary process; program efficiency*

1. Introduction

During a few decades the theory of planning and prognostication developed stormily, as a result there were different ways and planning methods. Some of them are specific, other are universal. The method of the programmatic-having a special purpose planning, considered in this work, belongs to the last.

This method used widely itself in the developed countries as one of most exact and reliable. He is widely used in the west at all levels of planning and management.

However in Ukraine in connection with historical circumstances the theory of planning and management developed in other directions, than in the west. As a result there was a situation of almost complete absence of domestic scientific developments in this area in transition to the market economy. It should be noted that the programmatic-having a special purpose method of planning was probed by mainly foreign scientists (I. Blank, I. Balabanov, V.Samborskiy). But only during five last years domestic scientists and practices, in particular, I.Chugunov, O. Kirilenko, I. Stefanyuk and other scientists are examined these questions in the labours.

2. Concept of PHSPM

Today there is a great number of determinations of programmatic-having a special purpose method of planning: from difficult to more simple and clear. Most widespread from them resulted in table 1.1.

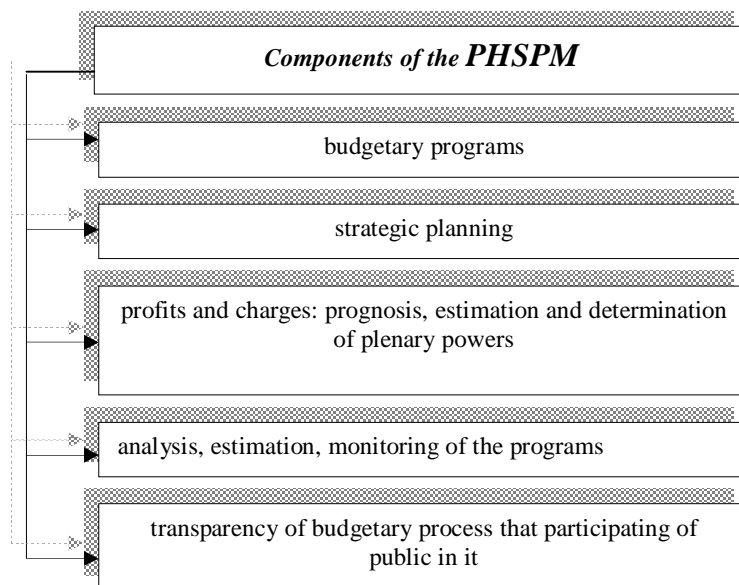
Table 1.1

Determination of concept «Programmatic-having a special purpose method»

| Author | Determination |
|----------|---|
| I. Yanul | <i>PHSPM</i> is a planning method, directed on determination of primary aims of the state, drafting of the programs for their achievement, providing of these programs, estimation of efficiency of the use of budgetary facilities in the process of implementation of tasks of the program financial resources. |

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| S. Levickaya | <i>PHSPM</i> is a planning method, being based on a rational management a budget, directed on the decision of socio-economic problems. Attention is concentrated on efficiency and transparency of budgetary assignments and services, that get citizens – taxpayers, and binds resources to the expected results. |
| M. Kul'chickiy, Z. Perun | <i>PHSPM</i> is a method which foresees forming of budget on the programs, concentrating on results, strategic approach in planning, increased responsibility at implementation of the programs, ground and analysis of the accepted budgetary decisions, transparency in the expense of budgetary facilities. |
| Economy-mathematic dictionary | <i>PHSPM</i> is a method at which has follow with special program. It is based on formulation of aims of economic development, their division on small purposes of more fractional character, necessary for their concerted realization. As a result of calculations on him the key programs on which it is needed to send most forces and facilities come to light by COMPUTER. An estimation and choice of possible variants of the programs is made to on different directions (a minimum of expenses or time on realization of the program at the fixed eventual indexes) by the special receptions (for example, programmatic matrices). |

Thus, the analysis of numerous determinations of concept of PHSPM allows to expose followings his constituents [6] (Pict. 1.1):



Pict.1.1. Main constituents of programmatic-having a special purpose method

Thus, summarizing proves that it is possible to draw a conclusion, that a programmatic-having a special purpose method is a method of planning and management, foreseeing development and realization of the budgetary programs, oriented to the concrete result, with the use of their progress bar controls for the estimation of effectiveness and efficiency of the made charges.

2.1 Foreign experience of the use of PHSPM

A programmatic-having a special purpose method was first offered in the USA at the end of 1964th of XX age, where and to this day utilized most states and municipalities. To date a PHSPM in one or another kind is used in many developed countries, including in the USA, states of Europe and CIS (Table.1.2).

Table 1.2

Foreign experience of the use of programmatic-having a special purpose method of planning

| Country | Experience and order of application |
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| The USA | <p>In the USA the PHSPM of planning of budget is initiated in 1949, it is entered in 1965, and in 1993 a federal law is accepted "On results and effectiveness", according to which taken federal departments 5 years on creation of the system of monitoring and estimation of budgetary charges for determination of correlation of budgetary charges and got proper results, public services. Efficiency and effectiveness in the field of state financial of the USA management on the basis of PHSPM is arrived at to due to:</p> <ol style="list-style-type: none"> 1) to the systematic accounting of responsible establishments in relation to implementation of the budgetary programs; 2) to the improvement of methodology of determination of efficiency and effectiveness of the budgetary programs; 3) to the leadthrough of monitoring of effectiveness of the budgetary programs. |
| Great Britain | <p>It began the input of PHSPM in 1988 by acceptance of Agreement about budgetary services (RSA) and Agreement about quality of services (SDA) after which it was set purpose and task for every ministry, having a special purpose values of indexes of quality, volume of budgetary services and expected result. RSA and SDA is included in a budget statement and presented together with him to parliament. It is needed to say that introduction of PHSPM in the budgetary system of Great Britain was successful enough, as carried out within the limits of reformation of the system of state administration and at permanent support of government. His application was instrumental in providing of state priorities at forming of fiscal policy to strengthening of budgetary discipline and efficiency of budgetary charges.</p> <p>For today the legislation of Great Britain is fasten such principles of application of PHSPM in a budgetary process:</p> <ol style="list-style-type: none"> 1) determination of aims of fiscal policy according to basic priorities of public policy; 2) development of budgetary strategy and determination of volume of charges in relation to providing of state functions and charges; 3) determination for every ministry of aims and tasks, and also having a special purpose indexes of volume, quality and efficiency of grant of budgetary services. |
| New Zeland | <p>An input of PHSPM in this country was fastened in Law on state finances in 1989 and carried out within the limits of reform from introduction to activity of the state of market instruments and stimuli. In 1994 here it was the accepted Law on financial responsibility, which put beginning practice of medium-term budgeting, to directed on direct results which are better measured and controlled.</p> |

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| Canada | In this state with the purpose of development of application of PHSPM from 2000 new conception of management the government spending is entered, ratified a document "Results for Canadian: conception of management of government of Canada". |
| Russian Federation | Practical introduction of PCM in Russian Federation began in 2004, after acceptance of decision of government "About measures on the increase of effectiveness of budgetary charges", which approved Conception of reformation of budgetary process in Russian Federation in 2004—2006. On implementation of this conception the government of Russian Federation in 2006 it was geared-up project of federal law "On making alteration in the Budgetary code of Russian Federation in part of adjusting of budgetary process and confession such, that lost an action, separate legislative acts of Russian Federation" and his public discussion is begun. The system of amendments offered a bill foresees on principle new organization of budgetary process at all levels of the budgetary system of Russian Federation, introduction of modern principles and methods of financial management, increases of independence and responsibility of organs of power all of levels, efficiency and transparency of public financial management. |

A single method does not exist, as it depends on the features of the financial system in every country. Nevertheless the comparative analysis of existent methods allows to select the basic lines of PHSPM:

- the obligatory condition of application of PHSPM is a medium-term prospect for planning;
- for the calculation of indexes the macroeconomic estimation of development of economy serves as basis in a medium-term prospect, rather than just fact sheets on the programs for a few last years;
- the ground of charges the manager of budgetary facilities is based not on the estimation of cash execution of budget for the last years, as it is practiced at normative and balance methods, but on the analysis of program effectiveness, including efficiency of charges;
- there is the personal responsibility for the attained results during realization of the program (at other methods responsibility is laid on a few performers);
- charges are formed in the cut of the programs with establishment of their progress bar controls, but not in the cut of the generalized functions.

2.2 Basic advantages and lacks of application PHSPM

The programmatic-having a special purpose method of planning looks enough attractive, as allows largely to influence on the probed situation. However much he has a row of the substantial failings:

- 1) methodical incompleteness;
- 2) use of PHSPM, mainly, for perfection of operating control the system, but not for the decision of new problems;
- 3) absence of adequate methods of calculation of economic efficiency of the programs;
- 4) insufficient operationability and other.

Thus, all of lacks of the programmatic-having a special purpose planning are related to insufficiency of scientific base on this question. Consequently, for optimization of process of the programmatic-having a special purpose planning the further are needed and more deep scientific developments in this area.

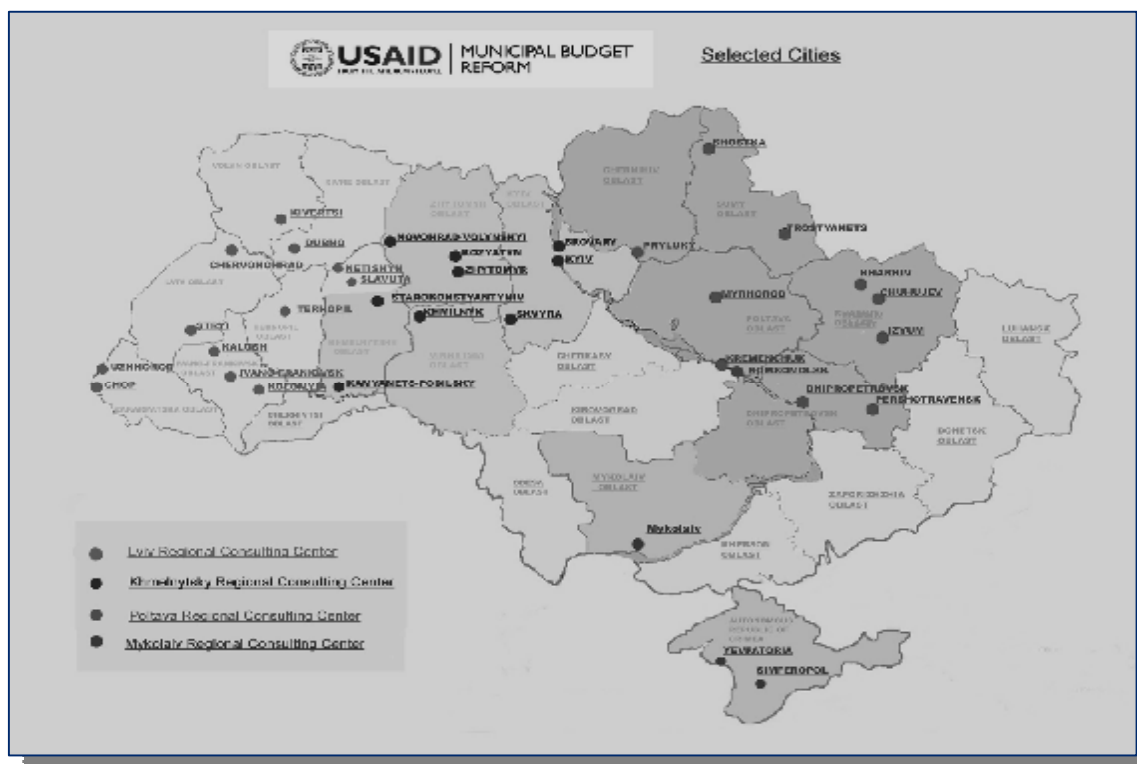
To advantages of this instrument of planning authors attribute:

- 1) grant of clear concept public organs and society, what facilities are outlaid on;
- 2) providing of transparency of budget and grant possibility on the consequences of execution of budget to estimate, whether the aims put on the stage of planning are attained and whether tasks are executed;
- 3) necessity of more disciplined budgetary process, as sets the concrete indexes of effectiveness and proper indexes of charges, and the same heavier to utilize these facilities on aims which differ from initially certain goals;
- 4) presence of possibility to promote efficiency of distributing and use of budgetary facilities and other;
- 5) enables to revise functional classification of charges of budget for bringing it over to the international standards and application exceptional with the purpose of drafting of summary budgets.

During the last years Ukraine actively develops and inculcates new methods and mechanisms of state administration an economy. Budgetary reform here began in 2001 from acceptance of the Budgetary code of Ukraine. In 2002 the separate elements of PHSPM were inculcated at the level of the state budget, and already with 2005 PHSPM widely utilize and at the level of local budgets. This realization of project of Agency of the USA was instrumental in wide distribution of application of this method «Reform of local budgets in Ukraine» [10]

Basic task of project «Reform local budgets in Ukraine is reformation of the budgetary system at the level of cities of Ukraine with the purpose of improvement of management budgetary facilities, that is arrived at due to introduction of programmatic-having a special purpose method (PHSPM) of forming of budget. A method is provided by the effective use of facilities through engaging of public in distributing of city budget. Within the framework PHSPM of is selected on the concrete socially-meaningful programs. Budgeted on 3-5 years. Thus monitoring of efficiency of the inculcated programs is conducted every year. It allows to correct financing in behalf on the effective programs, and to halt those which do not give the expected effect. I consider that this method is indeed effective, because allows not only rationally to manage a budgetary process and to control the having a special purpose use of facilities (it easily: in fact at the use of methodology of PHSPM of mean «tie» down to the concretely put aims and ratified programs, provided funds, as the saying goes, not «in general») but also directed on achievement of end-point. And it promotes the socio-economic standard of living of city community automatically.

On a today's moment this project is overcome 140 Ukrainian cities (Pict.1.2.).



Pict. 1.2. Pilot cities of Project RMBU

In obedience to this Project international conferences, and also meetings of regional deliberative committee, are annually conducted on questions of reform of local budgets, on which the authorized representatives of organization of "Research Triangle Institute" are present Robert Bodo and director of regional mission of Agency of the USA on international development in Ukraine, Moldova and Byelorussia. On these measures the results of introduction of programmatic-having a special purpose method (PHSPM) of budgeting in the cities-partners of project "Reform of local budgets in Ukraine" come into a question from year to year, the estimation of implementation of the budgetary programs, made on this method in the spheres of education, health protection, culture and art and other is conducted Basic information about the mentioned project is presented in a table 1.3.

Table 1.3.
Basic information about a project «Reform of local budgets in Ukraine

| Description | Present information on this question |
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| 1. Primary objective of project | <p>The primary objective of RMBU's Project is an increase of level of transparency, to efficiency and accountability of local budgets before communities of Ukraine through:</p> <ul style="list-style-type: none"> - introduction of PHSPM on national and local levels – at least in 140 cities of country; - strengthening of autonomy of city budgets through the directed legislative support of Verkhovna Rada of Ukraine. |

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| 2. Basic tasks of Project | <ul style="list-style-type: none"> - teaching and providing technical experience 140 cities in relation to application of budgeting on the basis of PHSPM; - help in development of legislative base which will be instrumental in the increase of fiscal and political autonomy of local budgets of the Ukrainian cities in obedience to the European analogues; - establishment of the computer program on PHSPM in Ministry of finance will allow to utilize the identical format of PHSPM both for the state budget and for local budgets, will promote transparency in forming of budget and will improve realization of interbudgetary calculations |
| 3. Methods of achievement put in RMBU of aims | <ol style="list-style-type: none"> 1. The RMBU's Project inculcates the new methods of the effective budgetary planning and management – namely programmatic-having a special purpose method of budgeting (PHSPM) – in cities, selected on the basis of competition for introduction of this innovative method in practice of budgetary management. 2. Gives a help to the members of parliamentary committees on questions of budget, local self-government and bank activity and finances in preparation, consideration and perfection of bills which touch the fiscal autonomy of local budgets; 3. Develops educational materials and renders a technical help and methodological support Ministry of finance, and to other ministries, and also organs of city authority for strengthening of possibilities of application of PHSPM in the state budget and his introduction in local budgets. |
| 4. Criteria of selection of cities for participating in Project RMBU | <p>A few different factors are estimated. Among them:</p> <ul style="list-style-type: none"> - sincere personal interest and support from the side of city guidance; - sufficient financial and human resources for successful introduction of PHSPM; - successful participating in international projects in the past; - support of measures of the strategic planning and bringing in of citizens and other |
| 5. List of measures of Project, which support introduction of PCM at national level | <ul style="list-style-type: none"> -проведение teaching with PHSPM for the specialists of Ministry of finance, and also complex analysis of the budgetary programs on the basis of educational materials, developed RMBU's Project for local budgets and adjusted to the level of national budget; - grant a technical help from development of methodology and practical introduction of elements of PHSPM; - creation and maintenance of National consultative advice (NCA) with the purpose of improvement of application of PCM at forming and implementation of local budgets and providing of receipt Project of the balanced consultations from the interested parties on political and technical questions. To NCA the specialists of Ministry of finance of Ukraine, Ministry of |

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| | finance of the Autonomous republic Crimea, State treasury of Ukraine, specialists, enter to Associations of financiers of Ukraine, deputies of Verkhovna Rada, city chairmen and representatives of public scientific institutions of Ukraine. |
| 6. List of measures of Project, which support introduction of PCM at local level | RMBU created five regional consultative centers in the Ukrainian cities which present the different geographical regions of country (Kharkov, Khmel'nickiy, Lvov, Nikolaev and Poltava). Highly skilled trainers which developed methodological materials work in centers, conduct the monthly trainings and render a consultative help cities-partners, to located in their regions. |
| 7. Technical help, given cities-partners | The financial departments of every city are provided computers and software the «Budgetary process». Software developed the specialists of project taking into account the current budgetary and financial legislation of Ukraine is comfortable in the use, has the Ukrainian interface and answers economic feasibilities of most cities of Ukraine. The program allows to automatize a budgetary process at local level at all stages of drafting and implementations, including preparation and grant of accountings and financial reports. |

It should be noted that already there are positive achievements in obedience to RMBU's Project in relation to introduction of PHSPM in regions. So a successful example is a city Asproon, in which the most serious problem during many generations was the insufficient providing water. The one-year planning did not simply allow the public servants of city authority to select sufficient resources on the reconstruction of the water systems. Introduction of PHSPM allowed to develop the three-year program of financing of building of new water-purifying enterprise in central part of city and set the indexes of implementation of the programs, and also to put the second uncompleted underground water-purifying building into an operation. A project also gave a help to city guidance in creation of the Deliberative committee for co-ordination of measures with PHSPM and active bringing in of public to the budgetary process. Exactly during one of the public listening, which conducted Committee, the question of water-supply was certain be on the agenda as priority. Citizens expressly gave a hint to local-authority, that by him necessary more high-quality water as quick as possible [10].

3. Conclusion

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| 1 | PHSPM is a planning method, being based on a rational management a budget, directed on the decision of socio-economic problems. Attention is concentrated on efficiency and transparency of budgetary assignments and services, that get citizens – taxpayers, and binds resources to the expected results. |
| 2 | The main components of the PHSPM are: budgetary programs; strategic planning; profits and charges; monitoring of the programs; transparency of budgetary process that participating of public in it. |
| 3 | A programmatic-having a special purpose method was first offered in the USA at the end of 1964th of XX age. |
| 4 | The basic lines of PCM: the obligatory condition of application of PHSPM is a medium-term prospect for planning; for the calculation of indexes the macroeconomic estimation of development of economy serves as basis in a medium-term prospect, rather than just |

fact sheets on the programs for a few last years; the ground of charges the manager of budgetary facilities is based not on the estimation of cash execution of budget for the last years, as it is practiced at normative and balance methods, but on the analysis of program effectiveness, including efficiency of charges; there is the personal responsibility for the attained results during realization of the program (at other methods responsibility is laid on a few performers); charges are formed in the cut of the programs with establishment of their progress bar controls, but not in the cut of the generalized functions.

- 5 Practice shows, application of programmatic-having a special purpose method of planning in Ukraine has a right on life, a situation is only aggravated unstable economic and political positions of the state.

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