“Budgetary policy of the emerging countries in conditions of institutional transformations”

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BUDGETARY POLICY OF THE EMERGING COUNTRIES IN CONDITIONS OF INSTITUTIONAL TRANSFORMATIONS

Abstract

In the conditions of institutional transformations, the issue of raising the budgetary policy prudence level, strengthening its impact on socio-economic processes becomes relevant, especially in emerging countries. This paper delivers the essence and role of budgetary policy in ensuring the macroeconomic stability and social welfare in the emerging countries. The approaches to budget policy vectors in terms of budget revenues and expenditures, budget deficits, and public debt are presented. The article provides a detailed analysis of public debt service ratio, the proportion of the budget deficit, and public debt to GDP in national currencies of emerging countries to the US dollar during 2000–2018. The authors outlined the budgetary policy objectives, summarized and systematized the approaches to its implementation in the emerging countries in the conditions of institutional transformations. The article identifies the features of medium-term public debt management strategies in the emerging countries, in particular in terms of marginal indicators of the budget deficit and public debt, improvement of the debt management system, maintaining the debt portfolio optimal structure. The impact of budgetary policy on social and economic processes is proved.

Keywords finance, budget, debt, deficit, budgetary policy, emerging markets

JEL Classification E62, H60, O40

INTRODUCTION

In theoretical and methodological studies of different scientific schools, more attention is paid to the development of reasonable budgetary policy and its coherence with other components of the financial policy in the conditions of institutional transformations to ensure the macroeconomic stability and social welfare. The importance of improving the level of budgetary policy in the emerging countries is driven by the need to take into account globalization processes and the real financial and economic capabilities of countries, to assess the impact of institutional transformations on the stability and sustainability of public finances and its components.

Currently, to ensure macroeconomic stability in emerging countries, fiscal policy is aimed at implementing long-term reforms of the public finance system and its components. Reform takes place gradually, taking into account social and economic conditions of countries. First of all, the tasks and ways of their realization, which are aimed at ensuring the proper functioning of the basic elements of the public finance system, are substantiated. The next step is to implement measures to strengthen financial and economic potential. At the same time, re-

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forming instruments of the public finance system in emerging countries are borrowed in countries with developed economies, without taking into account the peculiarities and level of the national economy development, as well as the limited financial and economic potential of the countries. Accordingly, ensuring the effectiveness of budgetary policy is a complex task, which involves substantiating the strategic objectives of the country's development based on the assessment of the available financial and economic potential and determining the logical sequence of implementation of the budgetary policy instruments to solve these strategic objectives. This has intensified the processes of finding effective tools for budgetary policy formation and implementation, its coherence with other components of financial policy.

1. LITERATURE REVIEW

Economic science determines that budgetary policy is: a set of relevant forms of interdependencies and interrelationships of economic, legal, political, institutional components of the budget space and the institutional environment of the society in the formation and use of budgetary funds to achieve strategic goals and basic tasks of society's development (Lysiak, 2009); direction of state regulation of economic processes through the income generation and expenditures determination of the budget (Paykovich, 2015).

It is determined that the use of discretionary budgetary policy creates differences in expectations about the level of public debt and budget balance (Montes & Luna, 2019); ensure budget balance by reducing public investment may restrain economic growth. Accordingly, it is advisable to implement a budgetary policy that is characterized by a larger share of public investment and, at the same time, less sensitive to business cycles. At the same time, it is advisable to use public debt instruments only to finance public investment to increase their share in general government spending (Zeyneloglu, 2018).

At the same time, the level of social welfare depends on the validity of budgetary policy and its coherence with other components of the financial policy, including monetary policy (Hauga, Jędrzejowicz, & Sznajderskab, 2019). It is determined that the coordination of fiscal and monetary policy contributes to the stabilization of economic processes (Hettig & Müller, 2018). Commodity prices are an important driver of budgetary policy and the business cycle. The use of different financial hedging instruments reduces the versatility of macroeconomic variables and their correlation with commodity income (Lopez-Martin, Leal, & Fritscher, 2019). More active monetary policy contributes to reducing the level of expansionary impact, reducing the inflationary consequences. The downside is the fiscal stimulus measures associated with tax cuts that are disinflationary. Accordingly, more active monetary policy enhances the expansionary impact and mitigates the disinflationary impulse (Nandi, 2019). At the same time, in the emerging countries, compared with the countries with developed economies, interest rates are more variable, which reduces the government's ability to smooth tax rates. Default risk also limits the accumulation of public debt and the ability to use monetary policy instruments (Roettger, 2019; P. Asimakopoulos & S. Asimakopoulos, 2019).

It is argued that if the budgetary policy is effective, implementing an inflation-oriented policy instead of an optimal monetary policy does not necessarily mean a social welfare decline (Ivens, 2018). The value of optimal fiscal stimulus decreases as the stability of inflation. If inflation resistance is driven by adjustment expectations rather than price indexation, monetary policy is ineffective, while an optimal fiscal stimulus is a weighty one (Michau, 2018).

2. METHODS

The neo-institutionalism provisions have been used to disclose the nature and role of budgetary policy in ensuring macroeconomic stability and public welfare in conditions of institutional transformations (North, 1991). In contrast to the provisions of neoclassical and classical theories, a strong prerequisite of the neo-institutional theory is the "concept of economic man" according to which human behavior is rational, aimed at making decisions with the optimal value of the utility function. This provided an opportunity to draw a

parallel between the formation principles and the implementation principles of budgetary policy in emerging countries in conditions of institutional transformations.

Studying the unity of the general and the partial, the combination of analysis and synthesis, the transition from abstract to concrete made it possible to reveal and justify budget policy priorities of emerging countries. Economic and statistical methods allowed to carry out analytical calculations, including the share of fiscal deficit and public debt to GDP.

Systemic and structural methods were used to reveal the features of budgetary policy in the formation of budget revenues and the use of budgetary resources. Using comparative and factorial methods experience in the formation and implementation of budgetary policy in emerging countries were summarized and systematized, approaches to the budgetary policy formation in conditions of institutional transformations were disclosed. Methods of scientific abstraction, synthesis used in determining the strategic objectives of budgetary policy.

3. RESULTS

The level of financial and economic insecurity of the emerging countries is increasing in the conditions of institutional transformations. This leads to the implementation of prudential budgetary policy based on economic and mathematical modeling, which provides an opportunity for effective assessment and prediction of the economic situation in the country and its impact on the sustainability, stability, and balance of the budget system.

The budgetary policies of the emerging countries depend on the country's development strategies, the role of the public finance system in the redistribution of GDP, and the level of social orientation. Overall, the specific strategies of budgetary policy do not exist. Each country sets out its goals and objectives, which are outlined in specific legal documents. In particular, they appear in Ukraine in the Resolution "On Priority Directions of Budgetary Policy for the Relevant Years"; in Belarus – in the Resolutions "On the Main Directions of Fiscal and Tax Policy for the Relevant Years"; in Kazakhstan, there are "Concepts of a New Budgetary Policy"; in Kyrgyzstan, there are "Budget Resolutions for the Relevant Years." According to the legal documents, the priorities of the budgetary policy can be divided into several groups: maintaining the balance, stability, and sustainability of budgets at different levels; budget deficit and public debt; improving the welfare of citizens; efficient use of public funds; improving the system of income budget; fiscal decentralization.

Keeping the balance, stability, and sustainability budgets of different levels is a strategic objective of budgetary policy in the emerging countries and the countries with developed economies. The budget balance is characterized by the ratio of budget expenditure and revenue, their proportional change in the context of economic uncertainty. Budget sustainability is the ability of public authorities to carry out budget commitments in a timely and complete manner at the expense of a significant proportion of their financial resources. Budget stability is the sustainability of budget indicators over time. The implementation of this task involves coordination of budgetary policy with other components of financial policy; budgeting based on fiscal constraints; development of a medium-term budgetary planning system; combination of an active budget investment policy and counter-cyclical regulation; providing the conditions to minimize fiscal risks; ensuring the structural flexibility of budget expenditures and their optimization; changing the tax policy; justifying the budget process in general and in particular on the stages of budget planning and forecasting.

Regarding the budget deficit and public debt, the expectations are: improving the policy on budget deficits and public debt; reducing the budget deficit, public debt and state guarantees and establishing their limits; optimizing the structure of public debt, diversification of the investor base and debt instruments; effective monitoring of public debt; justification of loan volumes for projects of social and economic development of the country.

Improving the welfare of citizens is assumed by maintaining the level of subsistence minimum at a certain level; ensuring the economically justifiable increase in the level of remuneration in the budg-

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etary sphere, in particular, the salaries of public and civil servants, military, taking into account the indexation of remuneration; increasing the labor pensions; budget supporting the implementation of measures aimed at increasing the birth rate and supporting the most vulnerable persons; development of new integrated models of social services and social assistance aimed at preventing social distress.

More efficient use of public funds envisaged by reducing "dependency budget"; implementing a comprehensive analysis and evaluation of the structure of budget expenditures; concentration of public financial resources in priority areas of socio-economic development in the long run using a rigid system of selection (in particular, according to the Concept of New Budgetary Policy of Kazakhstan, it is determined that the selection of projects will be primarily considered according to the following criteria: at the macro level – priorities for the development of economic sectors, the effect of influence on the development of industries, the elimination of inter-regional imbalances, the possibility of attracting private investment and no budget alternative, at the project level – a significant level of socio-economic impact and the ability to attract private investment (President of the Kazakhstan Republic, 2013); justification of total public investments in the development and implementation of public investment projects; comprehensive budgeting planning; strengthening the monitoring and control over budget loans and timely implementation of obligations to their maturity.

Improvement of the system of formation of budget revenues is envisaged by increasing the economic return of the tax system; legalization of revenues by reducing the informal sector; increasing the effectiveness of the tax administration; providing the realistic anticipated budget revenues; justification of tax the revenues, particularly the Budget Resolution of the Kyrgyz Republic has identified the need to achieve revenue share in income of the republican budget for 2019–2021 years, more than 21% of GDP (Parliament of the Kyrgyz Republic, 2019).

Fiscal decentralization aims at strengthening the financial basis of local government while increasing their responsibility in addressing the socio-economic development of the regions. This is accomplished by implementing a new model of fiscal equalization, the distribution of national taxes and establishing the local taxes, stimulating the local governments to increase their revenue base. In particular, in Ukraine, the strengthening of fiscal decentralization is due to changes in the fiscal legislation: changes in the system of budgetary equalization of local budgets by expenditures to the system of equalization of incomes, the extension of the rights of local governments to establish the local taxes and fees, fixing on the local budgets the full amount of single tax, property tax, land payments, corporate income tax, fees for administrative services, 60% tax on personal income, 5% excise tax on sales of excisable goods, and 25% environmental tax.

The main condition for the implementation of effective budgetary policy is the coherence of the actions of public administration, in particular, based on effective harmonization of financial and economic and budgetary planning, which envisages the development of medium-term budgetary planning system. This allows determining the objectives of budgetary regulation, the rationale of strategic priorities designed to achieve the relevant objectives, development of an implementation mechanism of the system of priorities using the tools of discretionary and non-discretionary fiscal policy.

The full implementation of medium-term budget planning in the budgetary process provides an opportunity for building a qualitatively new model of fiscal regulation based on the principle of effectiveness. Because any strategic decision cannot be made and implemented without anticipating the possible consequences and choosing the priorities for its implementation.

Fiscal rules, which include, in particular, setting limits on budget deficits and public debt, are an integral part of medium-term budgetary planning. Fiscal rules stimulate the identification of the most optimal strategic objectives of a budgetary policy, aimed at achieving the macroeconomic stability. At the same time, approaches to fiscal rules are not the same for all countries. According to the Stability and Growth Pact, the budget deficit should not exceed 3% of GDP, and public

debt should not exceed 60% of GDP (EC, 2011). According to the Procedure for Harmonization of Key Macroeconomic Indicators of Economic Development of the Member States of the Eurasian Economic Community (The Order of Agreement of the Basic Macroeconomic Indicators of the Development of the Economy of the Member States of the Eurasian Economic Community), the annual state budget deficit should not exceed 4% of GDP, and public debt should not exceed 80% of GDP (Eurasian Economic Community, 2005). According to the Agreement on the Eurasian Economic Union, the annual deficit of the consolidated budget of the public sector should not exceed 3% of GDP, and the debt of the public sector should not exceed 50% of GDP (Eurasian Economic Community, 2014).

At the same time, each country defines its critical metrics to maintain a safe level of the budget deficit and public debt. In particular, according to the Main Directions of the Budgetary Policy for 2019–2021 in Ukraine, the limit of the state budget deficit is envisaged at the level of 2.2% of GDP, the maximum amount of the public debt at the level of no more than 56% of GDP (CMU, 2018). According to the Strategy of Public Debt Management of the Republic of Kyrgyzstan for 2018–2020, the maximum amount of public debt is envisaged at the level of no more than 56% of GDP, including external debt – 36%. It was determined that public external debt to the national budget revenues should not exceed 250%, and the corresponding indicator of expenditures for servicing external public debt – 20% (Ministry of Finance of the Kyrgyz Republic, 2018).

In the studied countries, the largest share of the consolidated budget deficit in GDP for the years 2000–2018 is observed in Kyrgyzstan – 1.70% (including for 2000–2004 – 0.79%; for 2005–2009 – 0.10%; for 2010–2014 – 3.46%; for 2015–2018 – 2.62%) and Ukraine – 1.61% (including for 2000–2004 – 0.47%; for 2005–2009 – 0.19%; for 2010–2014 – 4.01%; for 2015–2018 – 1.79%) (Table 1).

The significant budget deficit in terms of reforming public finances causes a rise in interest rates. With their artificial containment, inflationary processes intensify and demand for credit resources grows, which causes irrational allocation of financial resources.

At the same time, in the emerging countries, there is a considerable level of public debt under the influence of the following factors: vulnerability to

Table 1. The share of the consolidated budget deficit in GDP, %

Source: Based on the data from official site of the Ministry of Finance of the Republic of Belarus, official site of Ministry of Finance of Ukraine, official site of the Ministry of Finance of the Republic of Azerbaijan, official site of the Ministry of Finance of the Republic of Kazakhstan, official site of the Ministry of Finance of the Kyrgyz Republic, official site of the Ministry of Finance of the Republic of Moldova, official site of the Ministry of Finance of the Republic of Tajikistan.

Year	Ukraine	Tajikistan	Moldova	Kyrgyzstan	Kazakhstan	Belarus	Azerbaijan
2000	0.6	–0.6	–1.0	–2.0	–0.1	–0.6	0.6
2001	–0.3	0.1	0.0	0.4	–0.4	–1.6	–0.3
2002	0.7	0.7	–0.5	–1.0	–0.3	–0.2	0.7
2003	–0.2	1.1	1.6	–0.8	–1.0	–1.6	–0.2
2004	–3.2	0.2	0.5	–0.5	–0.3	0.0	–3.2
2005	–1.8	0.4	1.5	0.2	0.6	–0.7	–1.8
2006	–0.7	0.6	–0.3	–0.2	0.8	1.4	–0.7
2007	–1.1	2.1	–0.2	0.1	–1.7	0.4	–1.1
2008	–1.5	2.3	–1.0	0.8	–2.1	1.4	–1.5
2009	4.1	1.3	–6.3	–1.5	5.2	–0.7	4.1
2010	–6.0	1.3	–2.5	–4.9	8.0	–2.6	–6.0
2011	–1.8	1.2	–2.4	–4.8	9.9	2.1	–1.8
2012	–3.6	1.6	–2.1	–6.5	8.3	0.5	–3.6
2013	–4.2	0.3	–1.7	–0.7	7.6	0.2	–4.2
2014	–4.5	0.3	–1.7	–0.5	5.2	1.0	–4.5
2015	–1.6	0.8	–2.2	–1.4	9.6	1.8	–1.6
2016	–2.3	–1.7	–1.9	–4.6	–4.4	1.3	–2.3
2017	–1.4	–0.3	–0.8	–3.3	–4.3	2.8	–1.4
2018	–1.9	–1.0	–0.8	–1.1	3.0	3.8	–1.9

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the negative impact of external financial and economic factors in the context of globalization; volatility of the national currency and rising inflation; lower actual economic development than projected, which has the effect of reducing the income levels and widening the budget deficits; underdeveloped business environment (Table 2).

Table 2. Share of government debt in GDP, %

Source: Based on the data from official site of the Ministry of Finance of the Republic of Belarus, official site of Ministry of Finance of Ukraine, official site of the Ministry of Finance of the Kyrgyz Republic, official site of the Ministry of Finance of the Republic of Tajikistan.

Year	Tajikistan	Kyrgyzstan	Belarus	Ukraine
2014	27.9	53.6	21.5	69.4
2015	33.3	67.2	31.4	79.1
2016	44.8	61.4	39.2	80.9
2017	51.5	63.2	39.1	71.8
2018	48.8	56.0	35.4	60.9

Also, in recent years, the growth of the debt service ratio has been observed. In particular, in Tajikistan, despite the debt-to-exports ratio of goods and services declining by 6.3 percentage points in 2017 to 17.0%, in 2018, this indicator increased by 9.2 percentage points to 26.2%; in relation to state revenues, this ratio increased by 1.4 percentage points (7.9%) in 2015, by 1.5 percentage points (9.4%) in 2016, by 1.3 percentage points in 2017 (10.7%), and by 0.3 percentage points (11.4%) in 2018. In order to cover the rising costs of public debt servicing, public authorities are forced to change the structure of public expenditures, in particular, by reducing the cost of social protection and social security, which causes increased tension in the society.

At the same time, in recent years, a significant factor in rising public debt in emerging countries is the depreciation of the national currency to the US dollar, leading to a revaluation of its currency component (Table 3). Also, in emerging countries, to reduce the cost of public debt servicing, there is practically no possibility of reducing the interest rates of national banks, as they are at a very low level.

Therefore, in the course of economic transformation, each country (regardless of the level of development) resorts to internal and external borrowing. Their rational use helps to solve socio-economic problems. However, the accumulation of a large amount of debt leads to the emergence of destructive phenomena in the financial system.

Due to the limited offer of economic growth in the emerging countries, an important area of improving public debt management is the maximum possible reduction in its value by increasing the loan term and reducing the cost of debt. It is advisable to optimize the public debt by minimizing the share of loans on

Table 3. National currency rate for USD 1

Source: Based on the data from official site of the Ministry of Finance of the Republic of Belarus, official site of Ministry of Finance of Ukraine, official site of the Ministry of Finance Republic of Azerbaijan, official site of the Ministry of Finance of the Republic of Kazakhstan, official site of the Ministry of Finance of the Kyrgyz Republic, official site of the Ministry of Finance of the Republic of Moldova, official site of the Ministry of Finance of the Republic of Tajikistan.

Year	Ukraine	Tajikistan	Moldova	Kyrgyzstan	Kazakhstan	Belarus	Azerbaijan
2000	5.4	1.8	12.4	47.7	144.3	799.8	0.9
2001	5.3	2.4	12.9	48.4	149.6	1 419.8	0.9
2002	5.3	2.8	13.6	46.9	155.1	1 803.9	1.0
2003	5.3	3.1	13.9	43.7	145.1	2 074.9	1.0
2004	5.3	3.0	12.3	42.7	130.0	2 163.7	1.0
2005	5.1	3.1	12.6	41.0	133.9	2 155.1	0.9
2006	5.1	3.3	13.1	40.2	127.9	2 146.3	0.9
2007	5.1	3.4	12.1	37.3	120.8	2 148.9	0.9
2008	5.3	3.4	10.4	36.6	120.6	2 149.4	0.8
2009	7.8	4.1	11.1	42.9	148.7	2 803.3	0.8
2010	7.9	4.4	12.4	46.0	147.4	2 993.7	0.8
2011	8.0	4.6	11.7	46.1	147.9	5 605.8	0.8
2012	8.0	4.8	12.1	47.0	149.1	8 369.7	0.8
2013	8.0	4.8	12.6	48.4	152.1	8 971.1	0.8
2014	11.9	4.9	14.0	53.7	179.2	10 260.7	0.8
2015	21.8	6.2	18.8	64.5	221.7	16 253.6	1.0
2016	25.6	7.8	19.9	69.9	342.2	2.0	1.6
2017	26.0	8.6	18.5	68.8	326.0	1.9	1.7
2018	27.0	9.2	16.8	68.8	344.7	2.0	1.7

market conditions and maximizing on preferential ones; diversification of the monetary structure of external government loans to minimize the currency risks.

Each country developed and implemented the specific programs to coordinate the measures for debt management, including more efficient use of borrowed resources. In particular, according to the Medium-Term Strategy for Public Debt Management for 2019–2022, the main goals of public debt management in Ukraine are: increasing the share of public debt in national currency; extension of the average maturity and ensuring the uniform repayment schedule of public debt; attracting the long-term concessional financing; continuing to develop strong relationships with investors and further improving debt management policy (Medium-Term Strategy for Public Debt Management for 2019–2022, 2019). According to the State Debt Management Strategy of the Republic of Tajikistan for 2018–2020, significant tasks are, improvement of the debt management system, where proper accounting and monitoring of the national debt are the important elements; maintaining an optimal debt portfolio structure; guaranteeing the possibility of attracting the financial resources to prioritize the needs and capabilities of the state for a long period; compliance with all necessary measures to prevent the situations that could adversely affect the liquidity of financial resources; adherence to the policy of attracting the government borrowings mainly on high-privileged terms; granting the state guarantees on loans exclusively by the Ministry of Finance; attracting the borrowing in coordination with the public investment program based on a thorough evaluation of the profitability, effectiveness of projects and improvement of the institutional coordination mechanism and their monitoring; step-by-step increase in attracting the domestic resources by developing the government securities market to diversify and achieve a balanced structure of the loan portfolio (State Debt Management Strategy of the Republic of Tajikistan for 2018–2020, 2014).

4. DISCUSSION

In terms of institutional reforms, despite the diverse fiscal positions in the emerging the countries and countries with developed economies, the issue of changing the vectors of fiscal policy was, highlighted its impact on permanent and temporary components of GDP was assessed, macroeconomic performance and social welfare were improved (Alloza, Burriel, & Pérez, 2018; Charlton, 2019; Debrun & Jonung, 2019; Heylen & Van de Kerckhove, 2019). It is determined that the level of public spending is usually caused by temporary conditions of countercyclical and pro-cyclical shocks, causing the permanent upheaval. However, there are no systematic differences, taking into account the cyclical nature of economic processes in the formulation and implementation of budgetary policies in the emerging countries and the countries with developed economies (Barhoumi, Cherif, & Rebei, 2018).

Thus, each country has independently approached the criteria for the validity of decisions taken by public authorities in the formulation and implementation of a stimulating, or, conversely, restrictive fiscal policy and, accordingly, pro-cyclical or counter-cyclical. The main factor is the rapid increase in the volume of payments related to the servicing of public debt due to the increase of its level, which influences the formation of the restraining nature of budgetary policy in the emerging countries. This leads to a fundamental contradiction between the need to implement the fiscal restraint to reduce the level of public debt and the pro-cyclical nature of the budgetary policy. Thus, the increasing demand on sustainability, stability, and balance of the budget system, along with the significant level of the economic vulnerability of the emerging countries, require a new paradigm for public debt management.

CONCLUSION

The study allows confirming that the impact of a budgetary policy depends not only on the development quality but also the mechanisms of its implementation. At this stage, given the scarcity of financial resources in the emerging countries, the important tasks are: reconciling the budget expenditures with the countries' priorities of social and economic development and allocating the budget funds not by the type of expenditures, but by strategic goals.

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Immediate measures to ensure the macroeconomic stability in the emerging countries are: strengthening the public authorities' coordination in the formation and implementation of financial policy components; budgetary, debt, and monetary policy reconciliation. Because stabilization of expectations related to monetary policy measures is possible only when the state of the public finance system and its components do not generate the destabilizing predictions. At the same time, the increase of public debt in foreign currency puts pressure on the exchange rate and causes the risks in the monetary policy.

In modern conditions, transitional economies significantly depend on the level of external financing. Therefore, it is worthwhile to change the approaches to the implementation of fiscal policy in terms of debt management, which should take place gradually, taking into account the economic conditions of sustainability, stability, and preserving the balance of the budget system. However, approaches to monetary policy may change in the short term. In order to integrate short, medium and long-term budgetary policy goals and effectively harmonize its components; orientation of public administration on achieving the clear results based on the country's strategic goals in social and economic development, it is advisable to carry out the economic and mathematical modeling of the vectors of its implementation in budget policy development. To ensure a sufficient level of stability and predictability of the socio-economic processes, it is important to fully integrate the medium-term budgetary planning into the budget process. Medium-term budgetary planning is a financial and budgetary instrument based on a well-defined purpose and objectives of budgetary policy, which assesses the coherence of current budgetary policy and its strategic objectives, ensures the budget process continuity, budget allocation efficiency, coordinates the activities of different pubic authorities in the budget process.

In formulating the budget policy, in addition to assessments of financial and economic factors and important political consideration, it is important to consider political factors which are a strong prerequisite for the budget system development vectors. Justification of these issues requires further research.

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