

SCIENTIFIC – METHODOLOGICAL APPROACHES TO THE CONCEPT OF TRANSPARENCY OF THE BUDGET PROCESS

The necessity of solving the problem of effective fight against corruption, decentralization of state power and the election of the European integration vector for the development of the Ukrainian state gave the greatest urgency to the issue of increasing the transparency of public finances.

Transparency of the budget and budget process is a necessary foundation for the construction and effective functioning of a democratic society. Ensuring transparency of the budget allows the socially active part of the public representing the interests of different segments of the population to have a realistic idea of alternative management decisions in the budgetary sphere and to influence the authorities, actively protecting their civil rights. In a broader sense, budget transparency provides the following benefits:

- allows each citizen to understand the language and data of the budget process, as well as to see the services provided at the expense of collected taxes;
- enables authorities to take public opinion into account when making final budget decisions on the main areas of cost allocation;
- allows the public to determine the quality of budget decisions at the stage of adoption and to monitor their implementation;
- increases the level of public confidence in local authorities, as a prerequisite for public support is, first of all, an understanding of the actions of power structures.

The problem of transparency (transparency) of various spheres of financial relations in society is considered quite a long time. Thus, the issue of business transparency was virtually solved starting from the 70s of the twentieth century in connection with the development of the theory and practice of corporate governance. The founder of the concept of transparency is Robert Lucas, who in 1976 in his paper “Economic Assessment of Policy: Criticism” considered the interconnection of economic decisions and market agents' expectations [1].

First of all, it should be noted that the term “transparency” comes from the English language (“transparency”). The literal translation into Ukrainian of the term “transparency” means “transparency”. The concept of “transparency” is not new to the domestic scientific space, moreover, it is often used in practice. However, more and more frequently in the scientific sources, normative documents and journalistic literature, along with the concept of “transparency”, the terms “openness”, “accountability”, “publicity”, “accessibility” are used. In some sources, these concepts are defined even by synonyms, which leads to terminological uncertainty and falsity of disclosure of the nature of these categories.

Developed Western countries have much more experience in developing and operating the Transparency Institute.

The weighty international standards that raise the issue of budgetary transparency include the recommendations of the Organization for Economic Cooperation and Development (OECD) on Best Practices for Budget Transparency (OECD Best Practice for Budget Transparency) [2].

This authoritative international organization in the said document, under budget transparency, understands the complete, timely and systematic disclosure of all relevant information on budgetary and financial activities, and among the recommendations for full disclosure of the content of budget transparency, it sets requirements not only for budget information, but also in the broader sense – with the inclusion of government liabilities and assets. That is, the real meaning of the concept of “transparency (transparency) of the budget” as it is defined in the developed countries of the world, contains disclosure of information on all aspects of public finances and is called “fiscal transparency”.

The International Monetary Fund defines fiscal transparency as follows: “Public openness to the structure of the government and its functions, the intentions of fiscal policy, public sector accounts and forecasts. It includes rapid access to reliable, comprehensive, timely, understandable, and internationally comparable information on government activities in such a way that voters and financial markets can accurately assess the government's financial position and the real costs and benefits of the government, including their present and future economic and social value” [3].

Consequently, the emphasis is on the fact that this information concerns absolutely all aspects of government activity: clear and understandable powers of state bodies, the validity of fiscal and budgetary policy objectives, qualitative accounting and reporting in the field of public finances, the availability of analytical calculations and assessments, and taking into account the recommendations of international standards for statistical data, availability of public audit findings.

It emphasizes the need to comply with the requirements for the qualitative characteristics of the information provided (relevance, reliability, timeliness, clarity, comparability, relevance, etc.).

One can conclude that transparency (transparency) is a concept that is far beyond openness, because it involves not only the disclosure but also its completeness, reliability and comprehensiveness for a wide range of users. That is, the concept of “openness” is based on the number of published information, and “transparency” – including on its qualitative characteristics.

In the context of studying the problems of the budget process in the financial theory and drawing on the experience of authoritative international organizations, we consider it necessary to formulate the actual definition of the concept of “transparency of the budget process”.

Consequently, the transparency of the budget process is a set of constituent elements that form the level of public awareness about all aspects of government activity at all stages of the budget process, as well as provide an opportunity to influence management decisions and control over the activities of government structures. The constituent elements of the transparency of the budget process are: openness, completeness, clarity, authenticity, timeliness, relevance, clarity and comparability of information.

In our opinion, the choice of a course on the transparency of the budget process has the following significant advantages:

- international financial organizations, rating agencies, lenders, investors have a clear idea of the state of the budget process in the state, which in turn increases the level of trust in the country as a potential borrower and contributes to the improvement of the investment climate;
- government structures receive systematic budgetary indicators that are necessary for the adoption of sound management decisions in the field of economic policy, which ensures high efficiency of public administration;

– an active part of the public is interested in the transparency of the budget process, as it receives an appropriate amount of information and is able to influence decision-making on the implementation of the budget process.

In today's conditions of decentralization of power, the transparency of the budget process becomes a special one.

We believe that at the local level achieving the highest level of transparency in all stages of the budget process is the basis for the implementation of the ultimate goal of the reform of local self-government: to ensure citizens' participation in making management decisions on the budget process.

The peculiarities of the implementation of the budget process at the local level at the present stage of Ukraine's development are conditioned by the need to study the main areas of determining the effectiveness of procedures and processes that ensure the transparency of the budget process at the level of the united territorial communities.

References:

1. Lucas Robert. Econometric Policy Evaluation: A Critique. – Carnegie- Rochester Conference Series on Public Policy, 1, 1976, pp. 19–46.
2. OECD Best Practices for Budget Transparency [Electronic resource]. – Access mode: <http://www.oecd.org/gov/budgeting/best-practices-budget-transparency.htm>
3. Manual on Fiscal Transparency [Electronic resource]. – Access mode: <http://www.imf.org/>