

State target programmes in the system of results-based budgeting: Legal aspect

Iryna Shopina

Doctor of Law, Professor
Lviv State University of Internal Affairs
79000, 26 Horodotska Str., Lviv, Ukraine
<https://orcid.org/0000-0003-3334-7548>

Myroslav Kovaliv

PhD in Law, Professor
Lviv State University of Internal Affairs
79000, 26 Horodotska Str., Lviv, Ukraine
<https://orcid.org/0000-0002-9730-8401>

Serhii Esimov

PhD in Law, Professor
Lviv State University of Internal Affairs
79000, 26 Horodotska Str., Lviv, Ukraine
<https://orcid.org/0000-0002-9327-0071>

Vitalina Borovikova*

Scientific Researcher
Lviv State University of Internal Affairs
79000, 26 Horodotska Str., Lviv, Ukraine
<https://orcid.org/0000-0003-4401-4562>

Ivanna Prots

PhD in Law, Associate Professor
Lviv State University of Internal Affairs
79000, 26 Horodotska Str., Lviv, Ukraine
<https://orcid.org/0000-0002-6483-0121>

Abstract. The relevance of this study is conditioned by the need to improve the legal regulation of state targeted programmes in Ukraine, which is an essential part of the results-based budgeting methodology. Due to the constant changes in the budget planning system, there is a need for a comprehensive study of the effectiveness of such programmes and optimisation of legal support. The purpose of this study was to formulate scientific and theoretical provisions for identifying systemic shortcomings in the implementation of budget targeted programmes, assessing the effectiveness of legal regulation and developing a unified methodology for strategic planning. To fulfil this purpose, the study employed the dialectical method of analysis, as well as special legal methods, including comparative and historical and legal analysis. The study examined the evolution of the budget planning system in Ukraine, starting with state programmes, which were replaced by state targeted programmes, and ending with national projects. It was found that, despite the changes in the titles of the documents, the main problems persist, namely, the uncertainty of the methodology for developing programmes and inconsistency of legal norms. The study analysed the causal factors of failures in the implementation of state targeted programmes, including unclear and redundant development methodology, as well as problems with legal regulation. The conclusions on the need to improve the legislation governing certain elements of national projects were summarised, and the expediency of continuing to apply result-based budgeting for state targeted programmes was confirmed. The practical value of this

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*Corresponding author



study lies in the fact that its findings can be used by public administration bodies, developers of strategic documents, and academics to improve the budget planning process and improve the implementation of state targeted programmes

Keywords: budget process; expenditures; state budget; efficiency; national project; methodology

Introduction

The relevance of this study topic is conditioned by the need to improve the legal regulation of state targeted programmes in the context of current challenges, specifically, military aggression against Ukraine and its consequences for the budget system. In 2024, the significance of this topic is growing due to the need to use limited public resources efficiently and implement effective budget planning. The study was aimed at improving the public finance management system, which is critical for the country's economic recovery and sustainable development.

Research on state targeted programmes in the context of results-based budgeting is actively attracting the attention of researchers. N.V. Macedonska and A.V. Vansovych (2017) focused on the experience of implementing results-based budgeting in developed countries. They concluded that Ukraine's budget planning system lags far behind European standards (Executive Board of the United Nations Educational, Scientific and Cultural Organisation, 2000), specifically due to the lack of a clear methodology for evaluating the effectiveness of expenditures.

L.L. Hrytsenko *et al.* (2021) highlight the problem of integrating sustainable development goals into the budget policy of Ukraine. Researchers emphasise the significance of effective budgeting as a tool for managing public expenditures, especially in the context of limited financial resources. Hrytsenko *et al.* pointed out the need to reform government programmes to ensure their compliance with European standards of transparency and accountability.

Yu. Kovalenko *et al.* (2021) and K.V. Hey (2022) made a valuable contribution to the investigation of the problem of budget planning. The latter analysed the benefits and risks of introducing medium-term budget planning in Ukraine. The researcher emphasised the need to improve financial control mechanisms and introduce "fiscal rules" that would ensure more efficient use of budget funds in government programmes. K. Romenska *et al.* (2022) addressed the fact that the structural imbalances of the financial system of Ukraine considerably affect the efficiency of the budget process. M. Robinson and M. Last (2009) focused on creating a basic model of results-based budgeting. Their study confirmed that this approach improves the efficiency of public administration by clearly linking expenditures to the results achieved.

L. Ellul (2023) studied another prominent aspect of the topic, focusing on interdisciplinary approaches to evaluating the effectiveness of government programmes. His findings showed that the success of results-based budgeting depends on the systematic use of key performance indicators, which helps to improve the efficiency of public spending. At the same time, S.S. Sviridova and D.O. Pulcha (2021) addressed the existence of two parallel planning systems in Ukraine: the classical Soviet and the strategic one. They emphasised that these two systems overlap and interfere with each other, leading to ineffective government targeted programmes.

Thus, research shows an urgent need to reform the budget planning system in Ukraine and introduce a unified methodology that would meet modern standards of transparency and efficiency. It is vital to integrate international

experience and develop effective mechanisms to increase the responsibility of executives for achieving government goals. The Strategy for Reforming the State Finance Management System for 2022-2025 (2021) raises the issue of improving the efficiency of budget planning. In the context of the further development of the programme-targeted method in the budget process, the Strategy makes provision for measures to optimise budget programmes and strengthen their compliance with the goals of state policy.

The hypothesis of the study was to assume that a scientifically sound structure of regulations could allow for the introduction of results-based budgeting in Ukraine. It was assumed that contradictions in documents of different levels, low quality of preparation and implementation were the reasons for the failure to achieve results in programme budgeting. Therefore, the purpose of this study was to formulate scientific and theoretical provisions on the systemic shortcomings of the implementation of result-based budgeting in Ukraine, the effectiveness of the current legal regulation of national projects and state target programmes, the creation of a unified methodology for the implementation of strategic planning documents, and the need for a systematic analysis of the implementation of such documents.

This purpose was achieved by completing the following tasks: analysing the procedure for developing state targeted programmes and national projects, comparing the current procedure with the procedure that was in force until 2016 (Resolution of the Cabinet of Ministers of Ukraine No. 1255, 2010). This helped to identify trends and differences in the stages of development of results-based budgeting. A separate task of the study was to analyse the current understanding of result-based budgeting in the legal science of the European Union. The study of the historical stages of results-based budgeting in Ukraine allows identifying trends and shortcomings in the current legal regulation.

Materials and methods

This study employed a comprehensive approach based on a comprehensive analysis of regulations, international agreements, analytical reports, statistics, and information resources. The study of the source base helped to investigate the legal and economic aspects of the implementation of results-based budgeting and state targeted programmes in Ukraine. The primary source of the regulatory framework was the laws of Ukraine, such as the Law of Ukraine No. 1621-IV "On State Targeted Programmes" (2004), which regulates the development and implementation of state programmes, and the Budget Code of Ukraine (2010), which defines the principles of budget planning. A series of resolutions of the Cabinet of Ministers of Ukraine regulating the implementation of state targeted programmes were analysed. These documents became the basis for the study of legal aspects that affect the effectiveness of programme budgeting in Ukraine. Another important source was international documents, specifically the Association Agreements Between Ukraine, on the One Hand, and the European Union, the European Atomic Energy Community and their Member States, on the Other Hand (2014),

which obliges Ukraine to implement international standards of transparency and efficiency of the budget process. The application of the OECD (2019) recommendations on the methodology of results-based budgeting helped to assess the compliance of Ukrainian reforms with European approaches.

An essential component of the study was the reports of the Accounting Chamber of Ukraine and the National Institute for Strategic Studies, which assess the effectiveness of government programmes. These documents helped to identify key problems in the development and implementation of national projects, as well as the reasons for the inefficient use of budget funds. Statistical data were obtained from open sources, including the State Statistics Service of Ukraine and OpenData budget portals. These resources provided a quantitative assessment of the implementation of government programmes, allowing for a comparative analysis between planned and achieved results. The study of budget expenditures on state programmes helped to determine the level of correspondence between funding and results, which is an important element in assessing the effectiveness of state targeted programmes.

Various methods of scientific cognition were employed to analyse the collected source base. The dialectical method helped to identify internal contradictions in the legal framework that impede the effective implementation of performance budgeting. The comparative method helped to compare Ukrainian experience with European approaches and identify gaps in regulation. The structural-functional analysis was used to investigate the mechanisms for implementing government programmes and assess their effectiveness.

The sources used in the study are characterised by their official origin, which ensures their reliability and authenticity. The use of regulatory documents, international agreements, analytical reports, and statistical data allowed for a comprehensive analysis of the legal system governing budget planning in Ukraine. The specificity of the database lies in its diversity, which helped to study the problem from different perspectives – legal, economic, and statistical. This combination of sources and methods ensured a comprehensive approach to the investigation of the issue of effective budget planning and enabled the study to fulfil its purpose.

Results and discussion

A modern understanding of result-based budgeting. Since 2005, state budget expenditures have been executed in a programme format, which indicates an attempt to create a mutual connection with results. Over the past decade, programme budgeting has been used to improve the efficiency and effectiveness of planning and executing budget expenditures. Attempts to obtain an “expenditure-result” relationship have been made since independence. The generally accepted methodology for such processes is results-based budgeting (RBB) (OECD, 2019). The methodology has proven itself in Europe and North America since the mid-20th century. This methodology is evolving, has undergone several historical stages, and is characterised by diverse RBB models (OECD, 2019).

Ukraine has not developed a clear RBB system at the national and regional levels. With the adoption of the Law of Ukraine No. 1621-IV “On State Targeted Programmes” (2004), state targeted programmes are being implemented and improved through the introduction of new strategic planning documents. However, the essence and

results of programme budgeting do not change. This fact gives rise to a debate on the feasibility of introducing a certain model of results-based budgeting.

The methodology of results-based budgeting is linked to economic theory, where it originated and is still developing. The definition, features, and purpose of result-based budgeting have been developed by researchers-economists. However, from a legal standpoint, it is important to analyse the system of regulatory framework for the methodology of result-based budgeting, which is expressed in the current model of programme budgeting. These aspects include approaches to defining results, assessing risks, allocating rights and responsibilities, and monitoring budget expenditures. This approach can be observed in N.V. Macedonska and A.V. Vansovych (2017).

In the scientific discourse, there is a unified approach to identifying the stages of RBB development. They include effective budgeting, planning-programming-budgeting, management by objectives, zero-based budgeting. These methodologies differed in the order of formation, calculation, and evaluation of performance indicators conditioned by economic and managerial factors. The legal framework defined each model, set out the following: powers; responsibilities of each level of government; the choice of a method for achieving the chain “expenditures planning – results achieved”; and the methodology for determining the criteria for assessing the effectiveness of budget expenditures. The RBB development has led to the understanding of the generally accepted performance-based budgeting model (Robinson & Last, 2009) as results-based budgeting. C. Lorenz (2012) noted that the implementation of this model increases the efficiency of public administration.

Result-based budgeting can determine the relationship between organisational goals, objectives, programmes, activities, and key performance indicators of an organisation or public authority. Distinct RBB methodologies have common features, which include achieving goals through development programmes and plans. A prominent example is performance-based budgeting (PBB), which is widely used in the US and Europe. This methodology is based on clearly linking budget expenditures to the achievement of concrete results. For example, in Germany, this model has helped to improve the efficiency of public spending using key performance indicators to monitor the implementation of government programmes. According to C. Lorenz (2012) and M.S. Robinson and F.L. Stoller (2023), in Germany, the PBB model has helped to focus resources on the most important priorities, which has considerably increased transparency and accountability of expenditures. Therefore, it is important to assess the ways to achieve this through performance criteria and reassess the chosen paths for further adjustment of budget expenditures. Individual RBB models have their specific features.

The definition of result-based budgeting in the literature differs depending on the understanding of budget processes by the researcher of the state’s financial sector. M. Robinson and M. Last (2009) note that RBB aims to increase the efficiency and effectiveness of public spending by linking the funding of public sector organisations to the results achieved, and systematically using performance information. They identify the following prerequisites for the implementation of RBB in the basic version of budgeting: information on the

goals and results of public spending is defined in the form of key performance indicators and programme evaluation; programme qualification of budget expenditures; clarity of the budget process, which ensures understanding of goals and objectives and their public discussion; regular external audit and analysis of the results achieved to improve and choose ways to achieve the planned results. L. Ellul (2023) shares the opinion of researchers. Changes in the budget planning process are an essential part of achieving efficient resource allocation (Romenska *et al.*, 2020). Compliance with the above prerequisites creates the basis for the implementation of results-based budgeting. Most state budget expenditures are made through state targeted programmes, which may meet the requirements for clear goals and objectives.

In Ukraine, the state budget is executed based on a budget classification that considers state programmes and non-programme expenditures. However, there are some contradictions in understanding the ultimate goals and objectives of development in the long term. Initially, performance indicators for certain activities were developed in the commercial sector. This is driven by the goal of making a profit. Later, such approaches began to spread to the public sector, where authorities were looking for ways to increase the efficiency and effectiveness of spending. Therefore, the emphasis was shifted from assessing cash expenditures to assessing efficiency, as the goal of public authorities was not only to use resources but also to achieve concrete results through a programme-based approach to budgeting. This approach is based on the evaluation of key performance indicators, which allows budget resources to be directed to achieve real results, not just control the amount of spending (Expenditure evaluation indicators..., 2024). To create a high-quality system of legal regulation of result-oriented budget planning, it is important to fix the following elements in the legislation: goals and objectives of the budget process; distribution of responsibilities between budget planning entities; and the procedure for evaluating the results achieved. Fixing elements such as the goals and objectives of the budget process, the distribution of responsibilities and the procedure for evaluating the results achieved in the legislation is important to ensure transparency and efficiency of budgeting. This avoids ambiguities that could lead to inefficient use of budget funds and increases the responsibility of all participants in the process. International practice, specifically in OECD countries, has shown that integrating performance measurement into the budget process considerably improves financial management and achievement of socio-economic goals, providing more value for money (OECD, 2015; Shaw, 2016).

At the same time, consolidation in regulations alone is not sufficient. High-quality management processes for its implementation are essential for the success of result-based budgeting. Budget planning is result-oriented – a methodology consolidated legislatively determines the need to link expenditures to a specific result and to allocate areas of competence and responsibility to the developers of development goals and objectives.

Turning to the economic and legal sciences, it should be noted that no unified approach to result-based budgeting has been developed over the past 20 years. In 2020-2024, there was a decline in researchers' interest in this topic. The concept of results-based budgeting is closely related to programme budgeting and programme-targeted planning. In

the economic approach, this concept is considered a process that involves planning to achieve concrete results, while in the legal approach, the emphasis is on statutory regulation. In the legal context, researchers often do not consider RBB separately but analyse it within the framework of the legal norms governing the budget process and the principles consolidated in the Budget Code of Ukraine (2010). For example, Ye.O. Romanenko (2020) notes the significance of these aspects in the context of the development of medium-term budget planning in Ukraine. It is important to emphasise the role of legal mechanisms in ensuring proper financial discipline and control, which forms an integral part of the effective implementation of RBB programmes (Yesimov & Borovikova, 2020).

Results-based budgeting has been developing in Ukraine since independence, but legal researchers such as I. Chugunov *et al.* (2020) point out numerous shortcomings of this system. Firstly, the Budget Code of Ukraine (2010) does not consolidate the approaches and principles of results-based budgeting. Secondly, as emphasised by Ya.A. Zhalilo *et al.* (2013) and I. Chugunov *et al.* (2020), there is a regulation of the budget process and its stages, which does not focus on program-targeted methods. They also note the lack of a unified methodology for assessing the effectiveness of budget expenditures and the systematisation of documents at various levels related to tasks and indicators for achieving national goals. I. Chugunov *et al.* (2020) emphasise that constant changes in the methodology of strategic planning do not allow solving the issue of aligning costs with the results achieved. Strategic planning in wartime also involves addressing budgetary security issues, which largely depends on government policy and external factors (Chebryako & Herus, 2023).

RBB in Ukraine has been implemented since independence, but it does have a series of substantial drawbacks, including the lack of clear regulation of approaches and principles in the Budget Code of Ukraine (2010), which complicates the application of the program-targeted method. There is also a lack of a unified methodology for assessing the effectiveness of budget expenditures, which affects the systematisation of documents at different levels of government necessary to achieve national goals. Constant changes in the methodology for developing and implementing strategic documents, as well as uncertainty in the titles and content of these documents, complicate the alignment of budget expenditures with actual results, which requires urgent improvement of the legal and methodological framework of the budget process in Ukraine.

State targeted programmes and budget planning are result-oriented. There have been no studies aimed at adapting results-based budgeting to the economic realities of state targeted programmes in Ukraine. This suggests the lack of a comprehensive approach to the analysis and implementation of such methods in scientific practice. There are a series of issues that need to be solved to introduce RBB in state targeted programmes. In Ukraine, there are prerequisites for the introduction of budget planning, which gives hope for the integration of this methodology into the budget process. However, the existence of such prerequisites is not equivalent to the factual implementation of this process. The development of programme budgeting in Ukraine has gone through several key stages, starting in the mid-1990s, when

the first attempts were made to introduce state programmes (Law of Ukraine No. 1560-XII, 1991), and ending with the current practice of integrating strategic planning with programme budgeting. Since 2004, state targeted programmes have been actively used, making provision for a clear definition of goals and resources needed to achieve them (Law of Ukraine No. 1621-IV, 2004). A notable milestone was the introduction of national projects in 2011, which allowed for a more comprehensive approach to budget planning. As of 2024, the development of result-based programme budgeting, based on the efficient management of resources and the achievement of concrete results using modern methodologies, continues to be observed.

The state programmes became the first documents after gaining independence and overcoming the systemic crisis caused by the collapse of the command-and-control system that can be analysed in terms of the use of the RBB methodology. State programmes were defined as a set of research, development, production, socio-economic, organisational, economic, and other activities. These measures were linked to concrete tasks, resources, and deadlines, which allowed for a clear definition of the expected results and mechanisms for achieving them. The principal purpose of the state programmes was to address systemic problems in the areas of public administration. The main legal regulation was carried out following the Procedure for the Development and Implementation of State Targeted Programmes (2007).

In 2000-2010, state targeted programmes became a tool for budget planning. An analysis conducted by the Kyiv School of Economics showed that the annual share of expenditures on state targeted programmes was no more than 12% of the state budget in 2000-2010. This indicates limited funding for such programmes, which may affect their effectiveness and implementation (Senchuk, 2013). Since 2011, there has been a trend in Ukraine to replace state targeted programmes with national projects, such as the national project “Affordable Medicines” and the state targeted programme “National Action Plan for the Implementation of Human Rights”. The essential difference between national projects and state programmes is that national projects usually have more concrete goals and a shorter implementation period, while state programmes can include comprehensive strategies with long-term plans. If the difference was insignificant, this may indicate an evolution of approaches to budget management, where the emphasis is shifting from formal titles to practical results. The change of names may be caused by the desire to update the image of the programme or to adapt it to the new conditions and challenges faced by the state (Kvak, 2017).

State targeted programmes remained in the new project management model. In 2021, the List of government targeted programmes to which accounting codes are assigned included 15 programmes (Order of the Ministry of Economic Development and Trade No. 1147, 2021). As of 1 January 2024, 8 state targeted programmes are being implemented in Ukraine. Of these programmes, six were adopted after 2018 (State target programmes, n.d.; Ministry for Communities, Territories and Infrastructure Development of Ukraine, 2023). These programmes continue to perform a limited range of tasks in programme budgeting. This raises questions about the reasons for the failure of state targeted programmes and the lack of their application to a considerable part of state budget expenditures.

RBB focuses on defining goals and objectives, the procedure for achieving them, the distribution of responsibilities, and other aspects. Therefore, the processes used in project management for investment projects could be applied to government targeted programmes with a slight adjustment of the methodology. Within the framework of modern result-oriented budget planning, considerable attention is paid to defining goals, objectives, and mechanisms for achieving them. The programme-targeted method used in public budgeting focuses on the development of a clear structure of responsibility and monitoring of results, which allows for more efficient use of public resources. The processes used in investment project management can be adapted to government targeted programmes to improve their effectiveness. For example, investment projects involving the construction of infrastructure (Resolution of the Cabinet of Ministers of Ukraine No. 382, 2018) are characterised by clear planning, financing, and evaluation of results, which is critical to achieving specific social or economic goals.

Thus, the implementation of investment management principles in government programmes can considerably improve their effectiveness. Adapting such approaches will ensure greater transparency in the use of budget funds and allow focusing on achieving actual results (Lisnichuk & Medvidchuk, 2021). According to the analysis of the “Procedure for Development and Implementation of State Targeted Programmes” (2007), state targeted programmes in comparison with the elements of result-based budgeting in general correspond to the document of programme budgeting – Programme of activities of the Cabinet of Ministers of Ukraine “Openness, Efficiency, Effectiveness” (2003). The programme defines the primary areas of the government’s work, including the implementation of RBB programmes. It is based on the principles of transparency and accountability in the use of budget funds. The main objective is to achieve the set goals effectively through clear planning and monitoring of results.

The RBB methodology involves the use of performance indicators to assess the effectiveness of budget programmes. This includes the definition of goals, objectives, and mechanisms for achieving them, which allows optimising costs and improving the quality of public services (Law of Ukraine No. 2646-VIII, 2018). However, the Procedure for Development and Implementation of State Targeted Programmes (2007) itself has some shortcomings. Firstly, they relate to goal setting, as these programmes only identify areas of development, such as economic and environmental. Accordingly, there is no coherence with the Ukraine 2020 Sustainable Development Goals (2015) and the Sustainable Development Goals for the Period up to 2030 (2019), which complicated their implementation. Government targeted programmes were used to solve narrow sectoral problems. At the time of the publication of the Procedure for Development and Implementation of State Targeted Programmes (2007), there were indeed no performance criteria in Ukraine, as Part 4 of Article 7 “Principles of the Budget System of Ukraine” of the Budget Code of Ukraine (2010) came into force only on 1 January 2011. In this regard, the inclusion of such methods of achieving the goal is not ensured by the regulatory definition of the concept of effectiveness of the use of budget funds. Therewith, the mechanism for considering the key issues that needed to be addressed in developing state targeted programmes was not based on a risk-based approach and stayed formal, which did not allow

for effective identification and assessment of potential risks of programme implementation. L. Michniuk (2021) noted that in the absence of the ability to set goals for three or five years, it is necessary to have a clear idea of the achievements planned for the coming year.

The Procedure for Development and Implementation of State Targeted Programmes (2007) defines five elements that a state programme should meet, but these elements are vague due to the lack of clear criteria for evaluating results. This leads to problems with determining how effectively the programme's objectives are being met. Shortcomings are also identified at the stage of programme development, when the responsibility between implementers and the coordinating state customer is not clearly divided. The contractors prepare parts of the programme separately, but the coordinating customer does not conduct an in-depth analysis of their interaction or alignment with the overall programme architecture. As a result, measures are not harmonised and their impact on achieving common goals is not accurately assessed.

State targeted programmes were distinguished by a cumbersome adoption procedure. They were approved by the relevant structures – the Ministries of Economy and Finance. Today, this order has been preserved, and it turns out that there are two different systems in the project management system (the old and the new). State targeted programmes were developed based on the Procedure for Development and Implementation of State Targeted Programmes (2007), but there was no control over their implementation, including the preparation of interim, annual, and final reports. Since the state target programmes were developed by different contractors in separate parts, the state customer initially failed to exercise effective overall control over their implementation. Due to the above-mentioned fragmentation, the overall control over the implementation of targeted programmes by the state customer was problematic. As a result, sometimes the coordinating state customer did not request consolidated information from contractors in the forms provided for this purpose. These facts indicate a formal approach to controlling the use of budget funds. This is confirmed by a sample study of reports (Zhuravka & Ovcharova, 2014; Department of Strategic Planning and Macroeconomic Forecasting, 2021).

State targeted programmes are considered effective if they achieve their intended results and implement all planned activities. However, the formation of these indicators and their subsequent evaluation do not mean an impact on the state of affairs in the field of public administration, as confirmed by the audits of the Accounting Chamber of Ukraine. Thus, the Accounting Chamber Decision No. 10-3 (2015) stated that there was no substantial impact on the expansion of access to social facilities for the population of rural areas as a result of the implementation of the State Target Programme for the Development of the Ukrainian Countryside for the Period up to 2015 (2007). The formality of meeting the targets did not lead to breakthroughs in various sectors of the economy and governance.

Changes in the budget planning methodology did not lead to the achievement of the goals due to imperfect regulations. The State Target Programme for Sustainable Development of Countryside Areas for the Period up to 2020 (2010) also had this shortcoming, as the existing regulatory framework did not ensure effective implementation of programme activities, which negatively affected the achievement of the

planned goals. Although the result was included in the state target programme, it was levelled by the lack of control. This was a systemic mistake that affected the adoption and implementation of new government targeted programmes.

The internal financial audit bodies of Ukraine and the Accounting Chamber did not conduct a comprehensive analysis of the causes of failures, which did not allow them to study the negative experience and risks in the development and implementation of state targeted programmes. Open data does not contain a full analysis of the reasons for the failure of state targeted programmes. Therefore, the experience was not studied during the transition to state targeted programmes based on innovative projects, which covers the period from 2016 to 2024. This indicates a deviation from the result-oriented budget planning methodology, which involves a systematic analysis of ways to achieve goals and fulfil tasks. At the same time, this does not correspond to the economic and mathematical model of profit maximisation in the system of sustainable development values (Skrynkovskyy et al., 2022).

The system of developing state target programmes differed from the “standard” due to imperfect coordination with some of the line ministries (lack of proper coordination between ministries, weak control by the state customer-coordinator, lack of transparency in the approval and decision-making processes), which were supposed to be responsible for achieving the planned goals and objectives. Summarising the analysis of the experience of the state target programmes, it should be noted that the imperfection of regulatory regulation led to the formal implementation of the indicators of the state target programmes without a substantial impact on the area where they were implemented. This shortcoming was compounded by the weak control of the contractors and the state customer-coordinator. The failure to resolve the problems led to a shift to national projects.

National projects: Challenges and solutions. The definition of a national project, contained in Clause 2 of the Regulation on Priority Projects of Socio-economic and Cultural Development (National Projects) (2016) (repealed on 28 December 2016), states that they are a project (programme) aimed at socio-economic development, technological renewal, improvement of the quality of life of citizens, development of regions and solving social problems in Ukraine.

National projects consist of the following levels of documents: state (regional) projects, departmental projects, and state targeted programmes. Their conceptual apparatus is represented by two concepts with fuzzy boundaries: project and programme. This led to the fact that the Procedure for Development and Implementation of State Targeted Programmes (2007) and the Regulation on Priority Projects of Socio-economic and Cultural Development (National Projects) (2016) did not require an assessment of the risks of failure to achieve goals, objectives, and indicators. These risks were formally included in the passports of state programmes. Since 2011, the methodology for developing national projects and state targeted programmes has included provisions on a risk-based approach. From 2010 to 2016, national projects were the primary focus of budget planning. The first drafts of the national projects were prepared in 2011-2012 within a limited timeframe. The main requirement on the instructions of the Cabinet of Ministers of Ukraine (Minutes of the meeting..., 2018) was to prepare by a fixed date. Therefore, the contractors were unable to fulfil

all the requirements precisely. The situation was repeated in 2014. New versions of the national projects were prepared in a hurry in late spring and summer to be included in the three-year budget cycle (2014-2016) (Analytical report on the progress..., 2016).

The new versions were somewhat better than the original ones, but they still had major problems with the coordination of goals, objectives, indicators, and funding. They had a series of shortcomings: the indicators of national projects' activities did not depend on the amount of funding; the indicators did not characterise the achievement of goals and objectives. A common mistake before 2014 was the lack of dynamics of national project indicators by year, they stayed the same throughout the entire period of implementation (State programme of economic..., 2014). Each national project had a section on evaluation, and the Methodological Recommendations for Evaluating the Effectiveness of Budget Programmes (2011) set out the requirements for its formation and subsequent evaluation by the Ministry of Economy of Ukraine, which are also reflected in the Methodology for the Analysis of the Effectiveness of Public-private Partnership Implementation (2022). However, the methodology is designed in such a way that even if the indicators and measures are not met, the project can be assessed as effective (Procedure and Conditions for the Provision of..., 2012). Since 2012, the analysis of the effectiveness of national projects has sparked a debate between the Cabinet of Ministers, represented by the Ministry of Economy, and the Accounting Chamber of Ukraine. The discussion was driven by distinct approaches to analysing the effectiveness of national projects (Decree of the President of Ukraine No. 389/2012, 2012).

According to the National Institute for Strategic Studies, in 2013, twelve national projects were supported, to some extent, by analogous or comparably focused state targeted programmes. Of these, only five national projects (New Life, Olympic Hope – 2022, Clean City, City of the Future, Technopolis) coincided with the state programmes in terms of strategic implementation goals, complementing them rather than competing with them, expanding and improving these state programmes, and were independent in terms of funding (their budgets did not depend on funding provided for the relevant state target programmes, which allowed them to function autonomously, without competition for financial resources with analogous state initiatives). In seven national projects (Open World, Quality Water, Affordable Housing, Nature's Energy, Grain of Ukraine, Revived Livestock, Green Markets), there was a certain overlap of tasks and measures with the relevant state programmes, which required enhanced interagency coordination and synergy in their implementation (Zhalilo *et al.*, 2013).

This example demonstrates the lack of a unified approach to evaluating the effectiveness of national projects and state targeted programmes, which is a shortcoming in the RBB methodology. The presence of numerous goals and indicators complicates the evaluation of budget planning results, as it is difficult to determine which goals were achieved and which were not achieved due to their interdependence and different importance for the overall goal. Ya.A. Zhalilo *et al.* (2013) noted that "the inefficiency of approving national projects in the form of state targeted programmes is conditioned by a series of factors: 1) the lack of a clear link between state and budget planning in Ukraine; 2) insufficient guarantees of obtaining the required funding

from the state budget; 3) differences in the proportions of distinct sources of funding.

Thus, the principal difficulties are related to the lack of coordination of goals, objectives and funding, which complicates the achievement of national strategic goals. Despite the existence of performance assessment methods approved in regulatory documents, they often do not reflect the actual state of project implementation, which leads to formalism in assessments. The study points to overlapping tasks between national projects and state programmes, which indicates the need for better interagency coordination. As a result, the lack of a unified approach to performance evaluation and insufficient integration between state and budget planning leave considerable gaps in the implementation of national initiatives.

Assessment of the effectiveness of government targeted programmes. Compared to national projects, state targeted programmes have become one step higher in quality since 2016. The shortcomings that occurred at the beginning of the implementation of state targeted programmes were corrected. However, they could have been avoided with a proper analysis of the implementation and development timeframe. State targeted programmes were an attempt to introduce a results-based budgeting methodology. However, the controversy over the assessment shows gaps and imperfections in the methodology.

According to N.V. Macedonska and A.V. Vansovych (2017), the Ukrainian government should base its budgetary planning for the medium-term period on the budgetary target method with an emphasis on the methodological approach to assessing the effectiveness of its implementation when developing budget policy. L.L. Hrytsenko *et al.* (2021) emphasise that targeted programmes are important tools for implementing budget policy, which at the same time act as mechanisms for influencing social processes. They help in solving the problems of managing budget expenditures by reconciling sustainable development goals, investment needs, and financial expenditures in the context of limited budget resources.

S.S. Sviridova and D.O. Pulcha (2021) point out that Ukraine still has two parallel planning systems: the classical Soviet system of medium-term and annual planning and the strategic planning system, which makes provision for a long-term horizon, a participatory approach to development, co-financing, and coordination of priorities at the central and regional levels. These systems constantly overlap and can interfere with each other.

Notably, the above statements fairly reflect the demanding situation in Ukraine regarding budget policy planning. Admittedly, the use of the budgetary targeting method is essential for effective resource management. At the same time, it is important to eliminate parallelism in planning systems, as this can substantially complicate the implementation of government initiatives. Only by integrating and aligning different approaches can greater efficiency in budget management and achieving sustainable development goals be achieved.

The legal regulation of state targeted programmes did undergo improvements in 2019, 2020, and 2021. Specifically, in 2019, information on the state of implementation of state targeted programmes in 2019 is mentioned on the website of the Ministry of Economy of Ukraine (n.d.); in 2020, according to the Procedure for Development and Implementation of State Targeted Programmes (2007), adjustments were made over several years, including 2020; the

Ministry for Development of Economy, Trade and Agriculture of Ukraine (2020) published updated information on the impact of the pandemic and an assessment of the impact on state programmes in 2021.

As of 2024, the legal regulation of investment projects and government targeted programmes is being integrated. This process resulted in pilot state targeted programmes. The effectiveness of such decisions can be assessed later, which will offer insight into whether errors and shortcomings have been corrected. As of 2024, the latest experiment with the implementation of RBB at a new level is state targeted programmes using certain elements of the innovation project methodology. They emerged as a result of the Sustainable Development Goals “Ukraine – 2020” (2019) and Sustainable Development Goals for the Period up to 2030 (2019) set by the Presidents of Ukraine. The National Economic Strategy for the Period Until 2030 (2021) also set goals that should be incorporated into state targeted programmes. Building result-oriented budget planning is their foundation.

At the time these documents appeared, the specific features of RBB in Ukraine were traced, based on the European Union methodology in the context of Item b) improvement of programme-targeted approaches in the budget process and analysis of the efficiency and effectiveness of budget programmes – Article 347 of the Association Agreements Between Ukraine, on the One Hand, and the European Union, the European Atomic Energy Community and their Member States, on the Other Hand (2014).

The Budget Code of Ukraine (2010) does not explicitly establish the relationship between expenditures and results. Proceeding from the interpretation of the principles of the budget system of Ukraine, including Article 7 of the Budget Code of Ukraine (2010), expenditures have signs of targeting and purposefulness. This includes determining the recipient of the funds and the purposes of their allocation and concerns the regulation of intergovernmental transfers. The targeted nature of the allocation of funds makes provision for administrative and criminal liability. This characterises the separation of this feature as a determinant of budget expenditures. Turning to the system of obligations as an integral part of budget expenditures, the definitions of expenditure, monetary, or public obligation do not include the relationship between funds and goals. These commitments involve the allocation of funds to certain entities. Funds are allocated based on a legal act or other acts listed in the definitions of Article 2 of the Budget Code of Ukraine (2010).

The budget classification says that state target programmes, which underlie planning budget expenditures, are used in the case of the application of the program-targeted method in the budget process – Part 2 of Article 10 of the Budget Code of Ukraine (2010) and Article 20 (“Application of the program-targeted method in the budget process”). There is a trend here: the purpose of the allocations is contained in the regulation approving the state target programme.

There is a procedure for substantiating budget allocations, which includes a regulatory act (the basis for allocation). It sets out the goals or results for which budget funds are allocated. However, the form of substantiation is formalised and involves an analysis of the result. To substantiate, participants in the budget process include various norms, including with reference to the provisions on the public authority (Budget Code of Ukraine, 2010).

The analysis of the Budget Code of Ukraine (2010) shows that there is a general regulation of results-based budgeting. This procedure includes reference or hypothetical norms for the provision of funds for the relevant result based on a regulatory act or other document in the cases provided for. The intricate system of expenditure regulation, which includes a large conceptual apparatus, and the lack of a direct relationship between expenditures and results are the shortcomings of the Budget Code of Ukraine (2010). The relevant provisions are theoretically contained in subordinate legislative acts.

Proceeding from the system of strategic planning documents, including sustainable development goals, the first level of budget expenditure targets is national goals. The provisions of the Constitution of Ukraine (1996), which underlie budget allocations in the relevant areas, are on a par with national goals. These documents contain priority development goals in the RBB system. The expansion of the first level targets beyond the national targets raises criticism from the standpoint of results-based budgeting. Considering Russia’s military aggression against Ukraine, the implementation of national goals has been postponed. The martial law has led to new trends in the implementation of local budgets, specifically, their adaptation to changes in the financial environment (Vatamaniuk-Zelinska & Zakorko, 2023).

K.V. Hey (2022) notes that, according to international practices, medium-term budget planning is based on five elements: the existence of an agreed state programme (strategy) for the country’s socio-economic development; the formation of institutions and procedures that ensure high-quality medium-term macroeconomic and budget forecasting; the existence of procedures for developing “fiscal rules”, specifically in terms of limiting medium-term parameters of public debt, the amount of funds for its servicing, budget deficit/surplus; procedures and mechanisms for setting “budget limits” for key spending units, monitoring and ensuring their implementation; mechanisms for combining annual and medium-term elements in budget planning (medium-term budget programmes, investment programmes, etc.).

The new goals that the President of Ukraine may announce in connection with repelling Russian aggression will require adjustments to government targeted programmes. A problem of legal consolidation of result-oriented budget planning emerges. The reason for this is the instability of fixed goals and relationships in regulations. The situation with the repulsion of Russian aggression requires a review of the passports of state targeted programmes. The possibility of adjusting the result calls into question the quality of planning, the risk-oriented approach, and the expediency of using RBB in a particular version of the methodology. The Budget Code of Ukraine (2010) contains only a general “expenditure-result” regulation. The unclear requirements for goals and indicators call into question the approach to achieving results.

The Procedure for Development and Implementation of State Targeted Programmes (2007) makes provision for a passport that should contain indicators, impact on the achievement of results and socially significant results and defines the principles of formation. They reflect the requirements for consolidating the results and efficiency of budget expenditures on the state target programme.

In the Temporary Recommendations for the Development of State Target Programmes (2011), a sample project passport includes the following section on the results of the

use of funds. It sets out approaches that include additional indicators that allow for an unambiguous assessment of the achievement of the goal of the state target programme. The methodology sets out three requirements for the result. The result itself is imperatively enshrined in the Sustainable Development Goals for the period up to 2030, or in the National Economic Strategy for the Period Until 2030 (2021).

In 2022-2023, the passports of the state target programmes of Ukraine were updated. The State Targeted Economic Programme for the Development of Public Highways of State Importance for 2018-2023 (2018) has 12 goals and targets. The National Informatisation Programme (1998) included a set of state informatisation programmes, the number of which was not defined by law. The methodology for developing the passport of a state target programme contains dispositive norms, which distinguishes it from the methodology for developing state investment programmes. Accordingly, the curators of state innovation programmes have some freedom in choosing ways to achieve national goals. This dispositivity is ensured in the theory by a list of actions and tasks for project and programme development. So far, the methodology for preparing state target programmes does not meet this requirement. Perhaps the new methodology being developed since 2021, based on the example of Resolution of the Cabinet of Ministers of Ukraine No. 119 "Some Issues of the National Informatisation Programme" (2024), will eliminate this shortcoming. However, the system of targets and indicators does not allow for an unambiguous formulation of an "expenditure-result" algorithm.

The state investment project contains a distribution of funding by purpose, but factually the money is directed to the state target programme. They have their own goals, indicators, and activities, which are financed from the state budget. Additionally, the model for calculating the final result of a public investment project and its resource provision are constantly criticised in academic circles. The possibility of achieving the goals and targets with the existing measures and resources is questioned. This is a consequence of imperfect legal regulation. The procedure for the development and implementation of state targeted programmes does not regulate this issue in detail, as it is a matter of a risk-based approach to the creation of state investment projects. By linking these provisions to the state targeted programmes, the same legal gaps can be identified, but in a different aspect. The current Regulations of the Cabinet of Ministers of Ukraine (2007) do not define state investment projects as programme documents of the Cabinet of Ministers of Ukraine (Regulations).

The Methodology for the Formation of Sample Populations for Carrying out in 2014-2018 Sample Surveys of the Population (Households): Living Conditions of Households, Economic Activity of the Population and Agricultural Activity of the Population in Rural Areas (2013) on state targeted programmes did not contain rules that regulated certain areas, and therefore the final executor could not prepare a high-quality document. As of the second half of 2024, the situation is the opposite: strategic planning norms are not enough to understand why a state target programme is needed, how to prepare it, how to calculate risks and resources. New forms of project activity, such as sessions and discussions, have been added to the gap. Undoubtedly, they are useful, but at the minimum level of developing a state target programme.

According to T.P. Savonik (2022), the current budget strategy of the state makes provision for the solution of a considerable number of budget policy priorities, but only some of them are calculated in detail. The lack of unified approaches and time for the quality implementation of state targeted programmes has led to a revision of the implementation periods. Since 2020, the optimisation of state targeted programmes has been ongoing according to the methodology used in the European Union in the context of the Guide to Results-oriented project planning and monitoring (DAAD, 2023).

Thus, the 2014-2018 methodology for state targeted programmes lacked rules regulating certain areas, which complicated the preparation of high-quality documents for the final executors. This situation has led to the need to improve strategic planning, which aims to facilitate understanding of the significance of government targeted programmes, as well as the development of risk assessment and resource provision mechanisms. Recently, new forms of project activities, such as sessions and discussions, have been added to the gap, which, while useful, are still only at a basic level of programming. The revision of approaches to budget policy in Ukraine highlights the need to integrate a methodology that meets modern requirements and standards, including the practices of the European Union.

Conclusions

The development of state targeted programmes has undergone several stages: first editions (2004-2011); implementation of national projects (2011-2016); implementation of state targeted programmes with their partial updating (2016-2020); adaptation of state targeted programmes to EU standards (since 2020). The State Target Programme is defined as a strategic planning document containing a set of planned activities (results) interconnected with tasks, deadlines, executors, and resources, and public policy instruments that ensure the achievement of state policy priorities and goals. The principal legal regulation of state targeted programmes is based on the Law of Ukraine "On State Targeted Programmes" and the Procedure for the Development and Implementation of State Targeted Programmes.

The key drawbacks of the implementation of state targeted programmes were systemic problems in their development. The period from 2004 to 2020 can be characterised by homogenous errors that were constantly detected by the Accounting Chamber of Ukraine. In this regard, state targeted programmes have not become a full-fledged tool in the implementation of the state budget, despite the transition to a programme-based budget. One of the factors is that the system of results-based budgeting in Ukraine has imperfect legal regulation. Thus, the dispositive nature of legal regulation of national projects in the result-based budgeting system led to the lack of a fixed development algorithm, which resulted in general requirements for the project, a lack of a risk-based approach and alignment of resources and statistical indicators with goals and outcomes.

The system of results-based budgeting has undergone several stages of development, initially consisting of one level of legal regulation – the state. These were state targeted programmes (within 10-12% of state budget expenditures), which were replaced by state targeted programmes implementing priority areas of socio-economic development before the emergence of national projects. As of 2024, there

are several levels, including the integration of all budgets of the budget system from national targeted programmes to regional programmes. The multiplicity of levels of indicators and targets affects the quality of the budget process, while legal regulation does not establish a clear “expenditure–result” algorithm. In this regard, the Cabinet of Ministers of Ukraine has not conducted a public assessment of the system of goals and objectives of strategic planning. This resulted in the system being in a constant process of improvement, which negatively affected the implementation of result-based budgeting.

In 2018–2019, state target programmes and regional target programmes were developed, and in 2020, due to the pandemic (the coronavirus pandemic forced Ukraine to reconsider its approaches to budgeting and tax policy, especially regarding e-commerce), they were adjusted in 2022 due to Russian aggression. In parallel, these processes were accompanied by the development of pilot state targeted defence programmes and the integration of legal regulation in the budgetary sphere with the requirements of the European Union, but even though this is a crucial factor in rulemaking, work on mistakes has not been carried out. Thus, there is no analysis of the introduction of results-based budgeting for state targeted programmes.

There are risks that the current system will not be qualitatively different from state targeted programmes, and that the goals set out in the Sustainable Development Goals by 2030 and the National Economic Strategy for the period up to 2030 will not be achieved. The quality of legal regulation is a major factor in building result-oriented budget planning, but constant adjustments and changes do not contribute to building an effective system of all levels of planning based on a hierarchical system of goals and objectives.

Promising areas for future research in the evaluation of state targeted programmes include the study of European models of budget planning, the integration of a risk-based approach into programme development, and an in-depth analysis of the impact of adjustments and changes on the effectiveness of strategic planning. It is especially important to investigate the possibility of unifying national and regional programmes to achieve sustainable development goals and meet the standards of the European Union.

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Conflict of interest

The authors of this study declare no conflict of interest.

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Державні цільові програми у системі бюджетного планування орієнтованого на результат: правовий аспект

Ірина Шопіна

Доктор юридичних наук, професор
Львівський державний університет внутрішніх справ
79000, вул. Городоцька, 26, м. Львів, Україна
<https://orcid.org/0000-0003-3334-7548>

Мирослав Ковалів

Кандидат юридичних наук, професор
Львівський державний університет внутрішніх справ
79000, вул. Городоцька, 26, м. Львів, Україна
<https://orcid.org/0000-0002-9730-8401>

Сергій Єсімов

Кандидат юридичних наук, професор
Львівський державний університет внутрішніх справ
79000, вул. Городоцька, 26, м. Львів, Україна
<https://orcid.org/0000-0002-9327-0071>

Віталіна Боровікова

Науковий співробітник
Львівський державний університет внутрішніх справ
79000, вул. Городоцька, 26, м. Львів, Україна
<https://orcid.org/0000-0003-4401-4562>

Іванна Проць

Кандидат юридичних наук, доцент
Львівський державний університет внутрішніх справ
79000, вул. Городоцька, 26, м. Львів, Україна
<https://orcid.org/0000-0002-6483-0121>

Анотація. Актуальність роботи обумовлена необхідністю покращення правового регулювання державних цільових програм в Україні, що є важливою складовою методології бюджетування, орієнтованого на результат. У зв'язку з постійними змінами в системі бюджетного планування, виникає потреба у комплексному дослідженні ефективності реалізації таких програм і оптимізації правового забезпечення. Метою дослідження було формування науково-теоретичних положень щодо виявлення системних недоліків у реалізації бюджетних цільових програм, оцінки ефективності правового регулювання та розробки єдиної методології для стратегічного планування. Для досягнення цієї мети було використано діалектичний метод аналізу, а також спеціальні юридичні методи, включаючи порівняльний та історико-правовий аналіз. Було досліджено еволюцію системи бюджетного планування в Україні, починаючи з державних програм, які були замінені державними цільовими програмами, і завершуючи національними проектами. Встановлено, що, незважаючи на зміни в назвах документів, основні проблеми залишаються, зокрема невизначеність методології розробки програм і непослідовність правових норм. Проаналізовано причинні фактори невдач у реалізації державних цільових програм, включаючи неясність і надмірність методології розробки, а також проблеми з правовим регулюванням. Було узагальнено висновки про необхідність вдосконалення законодавства, що регулює окремі елементи національних проектів, і підтверджено доцільність продовження застосування результат-орієнтованого бюджетного планування для державних цільових програм. Практична цінність роботи полягає в тому, що результати дослідження можуть бути використані органами державного управління, розробниками стратегічних документів і науковцями для удосконалення процесу бюджетного планування і покращення реалізації державних цільових програм

Ключові слова: бюджетний процес; витрати; державний бюджет; ефективність; національний проект; методологія