

THE ROLE OF BUDGET PLANNING IN STRENGTHENING FINANCIAL SUSTAINABILITY: REGIONAL AND TEMPORAL DIMENSIONS

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Abstract. *The article reveals the importance of budget planning as a key instrument for ensuring financial sustainability at the national and regional levels. The theoretical foundations of budget planning are considered, its role in strengthening financial sustainability is analysed, the peculiarities of the programme-target method of budget planning are studied, and promising directions for its improvement in Ukraine are identified. The time dimension of the effectiveness of medium-term budget planning is highlighted.*

Key words: *budget planning, financial resilience, medium-term planning, local budgets, budget policy.*

The article "The Role of Budget Planning in Strengthening Financial Sustainability: Regional and Temporal Dimensions" examines the pivotal role of budget planning in ensuring financial sustainability at both national and regional levels in Ukraine, particularly in the context of ongoing macroeconomic volatility and external challenges, such as the protracted war.

The article begins by outlining the theoretical foundations of budget planning, defining it as a process of scientifically grounded determination of financial resource formation and utilization aligned with socio-economic development goals. It highlights budget planning's key functions – distribution, regulation, control, and stimulation – and its central role in coordinating other financial plans within the state's fiscal framework. The study emphasizes that the quality of budget planning directly influences financial sustainability, which is defined as the financial system's capacity to support stable development, withstand threats, and adapt to changing economic conditions.

A significant focus is placed on the program-target method (PTM) of budget planning, a modern approach introduced in Ukraine to enhance the efficiency and transparency of public fund utilization. The PTM, legally enshrined in Ukraine's Budget Code, aims to achieve specific outcomes through budget programs, with effectiveness evaluated at all stages of the budget process. The article traces the PTM's implementation, noting its initial adoption in the state budget in 2002 and its gradual extension to local budgets starting in 2017. However, it points out that full-fledged medium-term budget forecasting at the local level has been limited, with only one notable instance in 2021. The study anticipates a resumption of medium-term planning

in 2025, following its suspension due to the full-scale war, highlighting its potential to improve predictability and accountability in resource use.

The regional dimension of budget planning is another critical aspect explored in the article. With Ukraine's decentralization reforms transferring greater authority and resources to local governments, local budgets have become essential for ensuring socio-economic development and community resilience. The PTM's application at the regional level is seen as a step toward improving the targeted use of funds, increasing transparency, and strengthening public oversight of local authorities. The article stresses the need for a differentiated approach to budget planning that accounts for each region's unique economic potential, social needs, and environmental challenges. Financial autonomy for local budgets – through own-source revenues and independent expenditure decisions – is identified as a foundation for regional financial sustainability, enabling more flexible responses to economic shifts.

The temporal dimension of budget planning is analyzed through the lens of short-term (one-year), medium-term (3-5 years), and long-term (10+ years) horizons. Short-term planning offers detailed specificity but lacks strategic depth, while long-term planning aligns with overarching development goals but may overlook immediate needs. Medium-term planning, exemplified by Ukraine's three-year Budget Declaration, is presented as an optimal balance, ensuring policy continuity and stability while addressing both current and future fiscal implications. The article argues that the integration of these horizons – through strategic documents, medium-term plans, and annual budgets – creates a cohesive framework for sustainable financial management.

The study also evaluates the broader context shaping budget planning in Ukraine, including global economic transformations, digitalization, decentralization, and European integration. It identifies key areas for improvement: enhancing the PTM through better program design and performance metrics, fully implementing medium-term planning with robust legal and methodological support, leveraging digital tools to streamline budget processes, and aligning Ukrainian practices with European standards. These reforms, the article contends, are vital for increasing efficiency, transparency, and accountability in public finance management.

In its conclusions, the article asserts that budget planning is indispensable for aligning financial resources with development priorities, enhancing regional autonomy, and ensuring long-term financial sustainability. Strategic planning, supported by scientific forecasting, and the PTM are highlighted as critical mechanisms for achieving these goals. The study calls for continued reforms to strengthen Ukraine's budget system, particularly in the face of ongoing challenges, to foster resilience and support sustainable economic growth at both national and regional levels.

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