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BUDGET POLICY IN THE SOCIAL SPHERE: STAGES OF FORMATION AND IMPLEMENTATION

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Abstract. *The article examines the trends of Ukraine's budget system in implementing social policy during 2024–2026. The role of expenditures as a tool for protecting vulnerable categories of the population under martial law is analyzed. The impact of the performance-based budgeting method, targeted assistance, digitalization, and European standards on resource efficiency is studied. The challenges of the budget deficit and directions for integration into the European space are outlined.*

Keywords: *Budget policy, social sphere, government expenditures, social protection, martial law, international financial aid, European integration, digitalization of social services.*

Under current conditions of full-scale aggression, Ukraine's financial sector faces unprecedented challenges that require not only stabilization but also a radical transformation of social protection mechanisms. Despite large-scale infrastructure destruction and economic destabilization, the need to ensure state social guarantees remains critically high, making the formation of a reliable and flexible budget policy in the social sphere highly relevant.

The main challenge lies in the contradiction between outdated approaches to the allocation of budget resources and current societal demands for targeting, transparency, and quality of social service delivery under martial law. The necessity to adapt the domestic public finance system to European standards, particularly harmonization with EU norms and the implementation of effective expenditure management models, poses a complex task for regulators and executive authorities.

The connection with practical tasks is manifested in the need for full digitalization of social payments and the introduction of direct service financing tools, which is critically important for ensuring the financial security of Ukrainians. The problem is compounded by

systemic challenges, such as limited domestic fiscal revenues, financial dependence on international aid, and the need to optimize expenditures without losing their effectiveness, which requires a scientific justification for the further implementation of budget policy in the social sector.

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