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## THEORETICAL ASPECTS OF DETERMINING THE ECONOMIC ESSENCE OF BUDGET EXPENDITURES

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The budget system of Ukraine is a basic phenomenon and the financial basis of the life of the state as a whole. The current Budget Code of Ukraine in Clause 5, Part 1 of Article 2 defines the budget system of Ukraine «as a combination of the state budget and local budgets, built taking into account economic relations, state and administrative-territorial systems and regulated by legal norms» [1]. In this way, it is possible to trace the two-level budget structure. And although the state budget is the largest in terms of volume,

local budgets still play a significant role, since as of 2022, the share of local budgets in consolidated revenues (not including transfers) was 24,4 %, which is quite a significant indicator. At the same time, an upward trend can be observed, since, since the completion of the main stage of the formation of territorial communities, the share of local budgets grew from 22,6 % in 2020 to 22,8% in 2021, and in 2022 it amounted to 24,4 %.

The study of local budgets in any of its manifestations is inextricably linked to the decentralization reform that began in 2014 and is still ongoing. At each of its stages, this state policy on the ground has been modified, as it has included various adjustments and changes. It was not possible to quickly and unquestioningly switch from the old Soviet centralized system of governance to a more modern decentralized one, as this reform took years to complete. This was due to a number of factors, including the imperfection of the primary legislative regulation, the unwillingness of old officials to lose their spheres of influence, high levels of corruption, constant changes in budget legislation in the field of local budgeting, etc. At the same time, 2020 saw perhaps the most important stage of this reform: the final formation of united territorial communities, which marked the point of inevitability in this matter and created a new administrative and territorial structure of Ukraine.

The standard of living of the population and the development of the region, in particular, depends on the size and peculiarities of the formation of its budget. This is due to the fact that it is the economically active subjects of the region (citizens, business entities) who influence the formation of the revenue part of the budget through their daily activities. The higher the level of economic activity of such subjects, the level of their income, stability, the more economically developed and competitive the region as a whole. In the future, such entities, through the delegation of administrative functions at local elections, determine the circle of entities that are managers of accumulated budget funds. Therefore, the analysis of the budget of any level is at least reduced to the study of its income and expenditure parts. This kind of analysis makes it possible to identify strengths and weaknesses, future ways of development, competitive aspects in comparison with neighboring regions, the effectiveness of local authorities, trends and prospects.

A certain region accumulates funds from various taxes and fees through the institution of its own budget. Subsequently, budget expenditures are an important mechanism for financing a number of areas of regional life: education, healthcare, infrastructure, social sphere, administrative sphere, etc. To characterize budget expenditures, without going into too much detail, they are understood as legally established standards and areas of use of budget funds.

On the one hand, the definition of «budget expenditures» is quite clear. At the same time, the scientific literature does not contain a single correct definition or approach to defining this concept. Therefore, let us consider the most common approaches.

First of all, let's start with regulations, as they are the official source. The central legal act in this area is the Budget Code of Ukraine. Thus, paragraphs 13 and 14 of Part 1 of Article 2 define the concepts of «budget expenditures» and «budget expenditures». Despite the semantic similarity of these concepts, they are different. Thus, «budget expenditures are funds allocated for the implementation of budget programs provided for in the relevant budget. Budget expenditures do not include: debt repayment; provision of loans from the budget; placement of budget funds on deposits; purchase of securities; refund of overpaid taxes and fees and other budget revenues, and their budgetary reimbursement. Budget expenditures mean budget expenditures, provision of loans from the budget, repayment of debt and placement of budget funds on deposits, purchase of securities» [1]. Thus, we can conclude that budget expenditures are a broader phenomenon that includes budget expenditures.

The normative definition reveals the functional purpose of budget expenditures, but does not characterize their economic essence.

A comparison of the above definitions shows that budget theory does not stand still and is constantly evolving, and therefore the definition of the same concepts over time becomes clearer, more specific and unambiguous.

E. Ovsyannikov, analyzing the views of various scientists, determined that there are different approaches to understanding budget expenditures:

- material and economic approach (expenditures are understood as money);
- socio-economic approach (expenditures are understood as economic relations);
- management approach (expenditures are understood as the disposal of rights to budget funds);
- purely legal approach (expenditures are understood as relevant budget legal relations).

Ovsyannikov's definition can be distinguished as a broader and more comprehensive one, and therefore, as the one that most clearly reveals the concept under study. The definition of budget expenditures through the category of legal relations is justified, since the latter include other categories, such as subject, object and content. In this way, we can trace the interpretation of budget expenditures through the subject composition that it includes (legal entities, local governments, individuals, individual entrepreneurs), the relevant budget in respect of which legal relations arise

(i.e., the object) and the peculiarities of interaction between subjects, budget policy, use of budget funds, behavior of subjects (content).

Carrying out a more detailed analysis of budget expenditures, we can distinguish their functions, which will reveal their purpose and role in society. They not only reveal their role in regulating social processes, but also characterize their place among already achieved goals.

The functional purpose of budget expenditures is justified by their purpose and role of existence in social relations. Therefore, it is quite logical to state that budget expenditures are characterized by general budget functions, among which are allocation (provision of goods and services), distribution (influence on the distribution of financial resources), stabilization (combating negative phenomena with the help of additional financing), control (supervision of certain subjects according to the movement of financial resources), accumulative (creation of a monetary fund), administrative (with the help of resources, social relations are managed).

Along with this, the presence of its own specific features creates a separate functional load for budget expenditures, which also forms its own functions. Therefore, understanding the functions of the budget in the relations of the market economy and the democratic construction of state relations is an important aspect in the study of the issues of spending budget funds and their effective distribution [2].

Therefore, the following functions can be distinguished among the functions of budget expenditures:

1. Stimulation (consists in stimulating the development of certain areas of economic activity or certain spheres at the expense of budget funds).

2. Control (consists in the supervision of civil society and authorized bodies for the correctness and effectiveness of the use of budget funds).

3. Redistribution (consists in leveling the imbalance of financing and security both between individual regions of the country and between individual social groups of the population, which is aimed at reducing the level of poverty and achieving the effect of harmony in society).

4. Placement (consists in the provision by public authorities of the population and business of goods and services that cannot be provided by society on its own or by the market economy itself in the appropriate amount).

5. Humanitarian and social (intersects with the function of redistribution and consists in creating conditions for the development of human capital).

6. Informational (gives an idea of the state of affairs of the economy, the level of development of the territory, the effectiveness of the government in this territory).

7. Regulatory (is a method of influence through restraints and development of individual spheres).

Thus, it can be concluded that the main functional purpose of budget expenditures, including local budgets, is to solve problems and challenges of various levels and scales, aimed at the development of an administrative-territorial unit and its socio-economic prosperity.

As for local budget expenditures, all of the above definitions of «budget expenditures» can be applied to this concept, but with a certain reservation. This feature relates to the level of implementation, so local budget expenditures characterize the servicing of public administration, education, healthcare, social protection and welfare, culture and art, physical culture and sports, housing and communal services, economic and other activities, but at the local level and taking into account the specifics of the region and the competence of local governments.

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## ПУБЛІЧНІ ЗАКУПІВАІ В УКРАЇНІ В УМОВАХ ВІЙСЬКОВОГО СТАНУ

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Публічні закупівлі визначають розмір державного бюджету та задовольняють потреби країни в різних сферах, таких як соціально-економічні проблеми, обороноздатність та безпека громадян. Вони також гарантують конституційні права на освіту та охорону здоров'я, а