

суспільство не здатні в повній мірі контролювати розробку та реалізацію бюджетної політики. Без адекватного доступу до формальних та неформальних засобів впливу на бюджет суспільство не зможе пропонувати уряду, тобто суб'єкту, який приймає рішення, власні пропозиції щодо бюджетної політики на основі повної інформації та з урахуванням національних пріоритетів. Без необхідних повноважень, сфери дії та ресурсів формальні контрольні та наглядові установи не зможуть ефективно виконувати свої функції в сфері забезпечення ефективності акумуляції та витрачання державних фінансових ресурсів. Відсутність або нестача будь-якого з цих трьох основних елементів негативно впливає на функціонування всієї системи, зменшуючи ймовірність відображення в бюджетній політиці потреб та пріоритетів нації та збільшуючи можливості прояву корупції й неефективного управління державними коштами. Лише при наявності всіх цих компонентів бюджетний менеджмент буде ефективним.

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SUSTAINABILITY INDICATORS AND CORRELATION BETWEEN PUBLIC DEBT, BUDGET DEFICIT AND TAX POLICY

INTRODUCTION

The Republic of Moldova in all 27 years of independence faces economic problems with a lack of financial resources; the current period is no exception. That is why foreign capital flows are natural and favorable to the efficiency of the economic system, but they can also lead to debt crisis situations, and it is often considered that external debt creates so many problems as it solves.

The ability to repay debt depends on the government's ability to subsequently obtain primary surpluses in the budget and hence on the government's ability to mobilize tax resources and control public spending.

The government has to control the correlation between public debt and budget deficit, which is related to the fiscal policy it promotes. Responsibility for rigid state debt management required the Government of the Republic of Moldova to adopt a Program on "Medium Term Debt Management (2017-2019)". In this Program, the Government deals with a range of medium-term debt sustainability indicators, approves S1 and S2 strategies for sustainable debt management.

Classic economists (XVIII century) drew attention to the correlation between public debt and the fiscal policy of the village, which ultimately influences the budget.

Thus, in the literature we deal with two main concepts regarding public debt: *the Ricardian concept and the traditional concept*. These two concepts, from our point of view, refer to the correlation between the fiscal policy of the state related to the fiscal policy, with influence on

public debt, on the one hand, and consumer behavior, on the other hand, who is also a tax payer.

We are aware that many things have changed in society today. Public debt is not a scare. It is important that every borrowed money unit be used efficiently in return to honor the repayment of the debt and the payment of the service of that debt.

Thus, the state debt of the Republic of Moldova towards the end of 2016 amounted to USD 1 609.5 million. The share of government debt in GDP at the end of 2016 was 42.0% or 14.5 pp more than executed for the end of 2015. The dynamics of government debt in GDP in 2013-2016 is presented below.

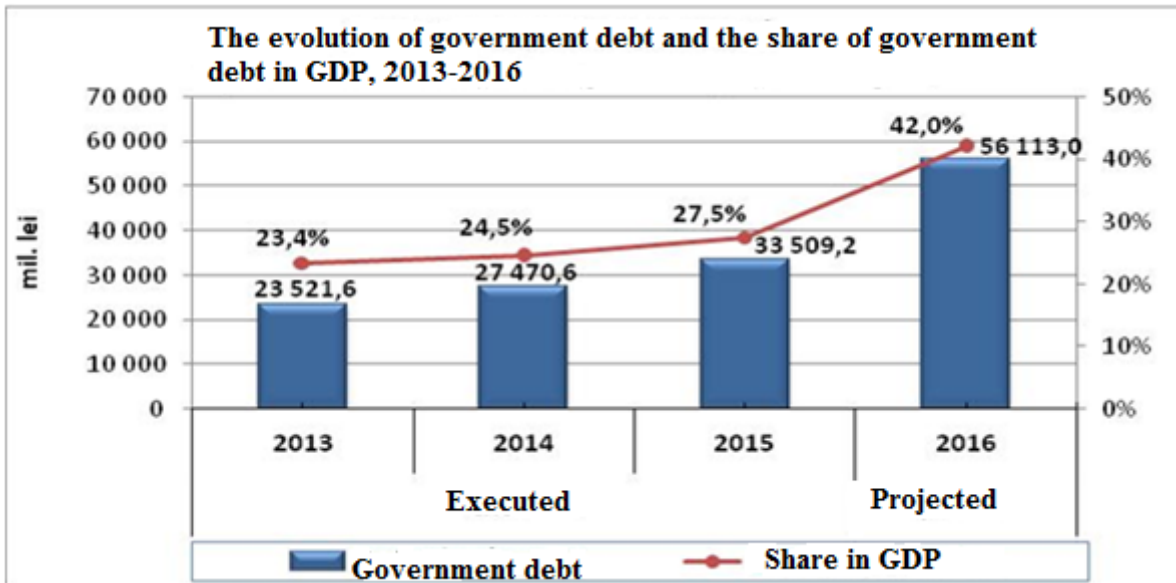


Figure 1. Evolution of government debt and their weight in GDP, 2013-2016

Source: Ministry of Finance of the Republic of Moldova

Practice shows that, on the grounds, the budget deficit generates the emergence of public debt. In the table below, we are looking at the budget deficit (conventional and primary) against GDP, 2011-2017.

Thus, according to the data in the table, we find that the conventional budget deficit as a share in GDP is kept below 3.0%. This level is acceptable.

The Council of the European Union has imposed restrictive measures set by the Brussels Treaty of 9 December 2011 on the admission of a budget deficit of up to 3% of GDP and the indebtedness of the European states indebted to reduce to 60% of GDP. The Republic of Moldova seeks to respect these restrictions.

With large deficits and high public debt, public finances are finding it very difficult to cope with ever-increasing public spending. In addition, public finances in countries hit by the financial crisis are finding it increasingly difficult to reduce the budget deficit and replenish the huge public debt.

The Republic of Moldova keeps the budget deficit under control, respecting the requirements of the European Union.

Thus, according to the (admissible) limit of sustainability set by the provisions of the "Medium-Term State Debt Management Program (2017-2019)", the weighted state debt-to-GDP ratios and the state budget revenues are not at risk for macroeconomic stability.

Table 1

The evolution of the macro-fiscal framework of the national public budget (BPN) of the Republic of Moldova for the period 2011-2017

Years	2011 <i>executed</i>	2012 <i>executed</i>	2013 <i>executed</i>	2014 <i>executed</i>	2015 <i>executed</i>	2016 <i>executed</i>	2017 <i>approved</i>
Indicators							
BPN Income	30139,7	33530,3	36899,2	40442,5	44221,4	45 946,9 ex.	49844,0
<i>Share in GDP,%</i>	36,6	38,0	36,9	38,1	37,0	35,32	35,0
BNP expenditures	32101.0	35373.4	38651.4	43242.8	47206.5	48 434,0 ex.	52840.8
<i>Share in GDP,%</i>	39.0	40.1	38.7	40.8	39.5	37,23	37.1
Budget deficit (conventional): <i>Does not include the loans</i>	-1961.3	-1843.1	-1752.2	-2800.3	-2985.0	-3 252,6	-2996,8
<i>Share in GDP,%</i>	-2.4	-2.1	-1.8	-2.6	-2.5	- 2,5	-2.1
Primary deficit: excludes from the conventional deficit the SDS payment (state debt service)	-1288.0	-1148.8	-1259.5	-2140.9	2245.4	- 2.487,1 ex.	-2215.1
<i>Share in GDP,%</i>	-1.6	-1.3	-1.3	-2.0	-1.9	- 1,9	-1.6
Deficit without grants	-3666.4	-3479.6	-3835.6	-5269.0	-5065.5	- 4490.1	-3893.0
<i>Share in GDP,%</i>	-4.5	-3.9	-3.8	-5.0	-4.2	-3.5	-2.7
GDP _n (mil. lei)	82349	88228	99879	106100	119400	134 476,0	142600

Source: Calculations based on the Ministry of Finance's information on BPN execution for those years.

Below we present the sustainability indicators for state debt, 2014-2016 (%) (see Table 2).

Table 2

Sustainability Indicators* of the State Debt, 2014-2016, (%)

Indicators	31 dec. 2014	31 dec. 2015	31 dec. 2016	The limit set in the Program
Share of government debt and of territorial-administrative units in GDP, (%)	24,8 %	27,7 %	38,1 %	≤60%
Share of state debt service in VBS,%	2,1 %	3,7 %	6,1 %	≤15%

Source: Developed by the author on the basis of the Report of the Ministry of Finance of the Republic of Moldova on the situation in the field of public sector debt, state guarantees and state re-crediting for 2016

The Government's responsibility requires adopting and respecting the sustainability indicators, regarding the sustainable development of the country.

CONCLUSIONS

1. The concept of the correlation between public debt, budget deficit and fiscal policy has dealt with the minds of economics scholars, especially the classics of the 18th-19th centuries - Adam Smith (1723-1790), David Ricardo (1772-1823).

2. For about three centuries, today's scholars today can understand the course of this concept from classics (18th century) to the present (21st century), when mankind faces the globalization process globally.

3. Following the development of this concept over time, we are trying to some extent to determine the changes that have taken place at this time, at least for the Republic of Moldova.

As mentioned above, the concept remains current, but from our point of view, the focus moves from public debt and tax to budget deficit and identifies cost and risk factors.¹

Public debt has a high cost and involves a series of risks, first of all, financial risks (interest rate risk, currency risk, refinancing risk). *These circumstances change the emphasis on village and tax debt, the foreseeable financial risks and the high costs involved in state debt. All this requires a prudent management of state debt. To this end, sustainability indicators have an important role to play.*

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МІЖНАРОДНИЙ РЕЙТИНГ ОЦІНЮВАННЯ ЕФЕКТИВНОСТІ СИСТЕМИ ПУБЛІЧНИХ ЗАКУПІВЕЛЬ (BENCHMARKING PUBLIC PROCUREMENT) В УМОВАХ ІННОВАЦІЙНОГО РОЗВИТКУ ЕКОНОМІКИ

Публічні закупівлі – це не лише процес замовлення продукції (товарів, робіт, послуг) та їх виробництва й постачання (надання, виконання), але і інструмент виконання державою функцій в сфері національної безпеки та її складових (економічної, продовольчої, соціальної, екологічної тощо), вирішення таких завдань, як розвиток ринку та збереження конкурентного середовища, підтримка певних регіонів та груп населення, розвиток певних галузей та суб'єктів ринку тощо. Але хоча публічні

¹ From the Government Strategy of the Republic of Moldova on Medium-Term Government Debt Management 2017-2019, we note that "the Government focuses on the strategy of financing the state budget balance (deficit) and identifying the related cost and risk factors".