

# DEVELOPMENT OF THE PROGRAM BUDGETARY CLASSIFICATION AND PROBLEMS OF FORMING STATE PROGRAMS OF THE RUSSIAN FEDERATION

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# Concept of state programs of the Russian Federation

## LONG-TERM DEVELOPMENT STRATEGY

SP 1

Responsible executor

Goals, final results

Normative and legal regulation

- control,
- licensing,
- tariffs,
- tax benefits, etc.

Responsible executor

JOINT EXECUTOR 1

JOINT EXECUTOR 2

sSP

sSP

sSP

sSP

sSP

Departmental  
special purpose  
program

activity

1. Come from the long-term development strategy and represent a tool for achieving its goals;
2. Are of long term nature;
3. Unite all instruments and policies (regulation, budgetary expenses) relevant for achievement of the goal;
4. Consist of sub- programs;
5. Are implemented by the responsible executor with participation of joint executors, who are responsible for their sub-programs and activities;
6. State programs of the Federation and of constituents of the Russian Federation, and also municipal programs are linked to each other (subsidies).



# Examples of state programs

## New quality of life

- Development of healthcare
- Development of education
- Social support of citizens

## Balanced regional development

- Regional policy and federative relations
- **Social and economic development of the Far East and Baykal Region**

## Innovative development and modernization of the economy

- Development of science and technologies
- Development of industry and enhancement of its competitiveness
- Development of the transport system

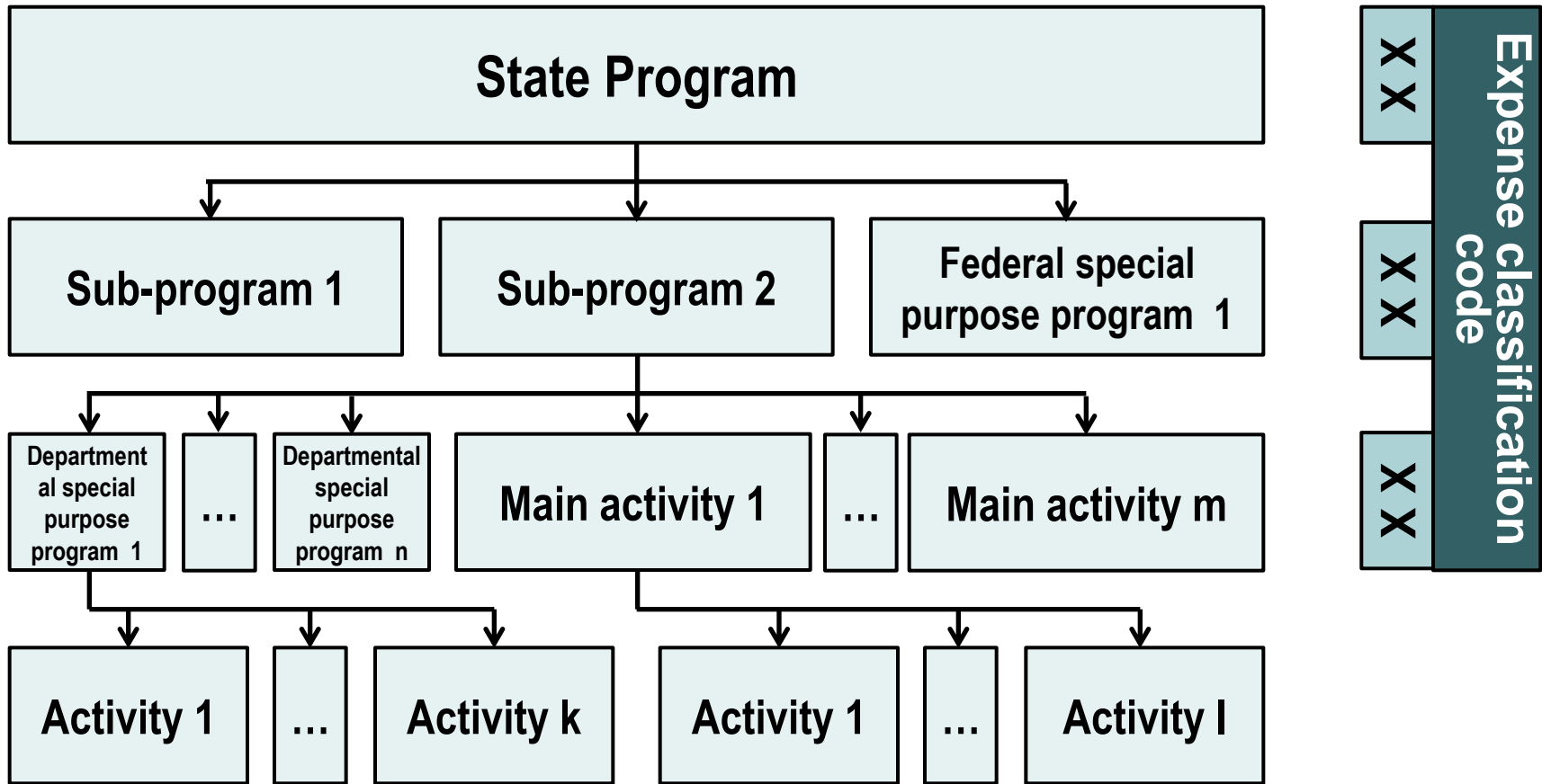
## Efficient state

- Federal property management
- Public finance and public debt management

**Total - 42 programs**



# Reflection of state programs in budgetary classification





## General logics of forming the structure of the code of target item 2014

State program / Non-program part		Sub-program of the state program (federal special purpose program)/ Non-program part		The main activity		Activity / Analytical category		
1	2	3	4	5	6	7	8	9
<b>Act of the Government on approval of the state program</b>						<b>The Ministry of Finance of Russia</b>		

<p><b>Program (non-program) component of the code of the target item set in accordance with the structure of the state program</b></p>	<p><b>Categories that require individualization:</b></p> <ul style="list-style-type: none"> <li>-central administrative office / territorial bodies / foreign administrative office;</li> <li>- Olympics 2014;</li> <li>- analytics on capital construction facilities;</li> <li>- etc.</li> </ul>
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## Comparison of formats for approval of the federal budget

	At present		Proposed from 2014	
Levels	Structural unit	Quantity	Structural unit	Quantity
1	Senior budgetary funds controllers	111	Senior budgetary funds controllers	111
2	Section	14	State programs	40
3	Sub-section	91	Sub-programs of state programs and federal special purpose programs	approximately 200
4	Special purpose items	approximately 1 400	Main activities	approximately 600-1000
5	Type of expenses	approximately 100	Type of expenses (group)	8
<b>Total budget lines</b>	<b>approximately 12 000</b>		<b>approximately 2 000 - 4 000</b>	



## Comparison of the formats of departmental structure of expenses

level	At present	Proposed from 2014
1	Senior budgetary funds controller 074 Ministry of Education and Science of Russia	Senior budgetary funds controller 074 Ministry of Education and Science of Russia
2	Section 07 “Education”	State program 02 “Development of education”
3	Sub-section 06 “Higher and post graduate professional education”	Sub-program 01 “Development of vocational education”
4	Special purpose expense item 0924200 “Improvement of provision with scholarship of students who study in federal vocational educational institutions”	Key activity 11 “Ensuring social support for those studying in the framework of vocational education programs”
5	Type of expenses 340 “Scholarships”	Type of expenses 3 “Social provision and other payments to the population”



Example of codification of activities:  
State program “Development of education” (02),  
sub-program “Enhancement of accessibility and quality of education” (01).

1			2														3		
Senior budgetary funds controller			Section	Sub-section				Special purpose item						Type of expenses			Item (sub-item) of classification of operations of the public administration sector related to budgetary expenses		
				State program / Non-program part		Sub-program of the state program / non-program part		Main activity		Activity		Group	Sub-group	Element					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
0	7	4	<u>3</u>	<u>Б</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>7</u>	2	4	4	3	4	0
Ministry of Education and Science of the Russian Federation			Education	General education	Development of education		Enhancement of accessibility and quality of education		Ensuring affordability and quality of provision of public services of preschool education		The activity envisioned by the program for the relevant financial year (2013)			Other procurement of goods, works, services			Increase in the value of inventories		





## Problems of forming state programs

- 1) Lack of “caps” of expenses for programs up to year 2020  
+ changes related to the political cycle;
- 2) Presence of the regional aspect in each program and of individual regional development programs:  
*Construction of the road in Ingushetia – “Development of the transport system” or “Development of the North Caucasian Federal District”???*
- 3) Existence of disagreements concerning belonging of activities and budgetary appropriations:  
*Operations of the Academy of Medical Sciences – “Development of Science and Technologies” or “Development of Healthcare”???*
- 4) Excessive number of joint executors:  
*34 joint executors in the program “Development of education” ✓*



## Problems of forming state programs

- 5) Existence of “”special” programs:  
*“Development of the Pension System”, “Ensuring the Defense Potential of the Country”;*
- 6) Existence of confidential information, even though the programs are considered to be public documents;
- 7) Unclear structure of the programs -> problem with classification of expenses;
- 8) Lack of description of participation of regions, off budgetary funds and legal entities in implementation of the programs: the result of the federal programs is of converged nature!!!
- 9) Lack of proper description of state regulatory measures in the sphere of implementation of the program, tax benefits;
- 10) Overstatement of parameters of financial provision.**