RISK MANAGEMENT IN THE FIELD OF PUBLIC FINANCE IN UKRAINE

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Abstract. This article researches the theoretical approaches to the place and role of risk management in the field of state governance of the economy. The concepts of “risk” and “risk management” pertaining to the activity of state authorities have been defined. The problems that arise in the field of public finance management are identified, as well as the problems relating to the experience of applying the Methodology for assessing fiscal risks associated with the activities of state-owned enterprises. The possibility of introducing international risk management standards and best practices of risk management in public administration, which are used by the EU member states, into Ukraine has been identified. This article presents the results of an expert survey on the problems and ways of introducing risk management into the activities of the Ministry of Finance of Ukraine. The survey showed that the field of public finance in Ukraine needs to implement modern approaches to risk management.

Keywords: risk management, fiscal risks, public finances, Ukraine

Raktiniai žodžiai: rizikos valdymas, fiskalinė rizika, valstybės finansai, Ukraina
Introduction

By signing the Association Agreement with the European Union, Ukraine has made clear and specific commitments to the implementation of ambitious European integration goals set by all stakeholders which are interested in its successful implementation – the highest authorities, business and civil societies (Association Agreement 2014). Apart from other goals, important issues should be resolved in the field of public finances. The tasks of reforming the sphere of public finances have been embodied in a number of government documents (GD) from the highest level – the Strategy for the reform of the public finance management system for 2017-2020 (Strategy 2017) – to the lowest level (ministry and department). For example, the Methodology for Assessing Fiscal Risks Related to the Activity of Business Entities of the Public Sector of the Economy, approved by the Resolution of the Cabinet of Ministers of Ukraine dated January 11, 2018, No. 7 (CMU Resolution 2018). Business Entities are hereinafter referred to as state-owned enterprises (SOE).

Ukraine and developed countries of the European Union apply fundamentally different approaches to risk management in the field of public economy management. In Ukraine, which has not yet solved the tasks of transition to a civilized market economy, risk management is completely underused in the practice of public administration. This applies to all levels: state-owned enterprises, industry, and the economy as a whole (Starostina and Kravchenko 2009). This state of affairs can be explained by the following factors: incomplete reforms in the field of public management where the implementation of risk management is not considered a priority; the exceptionally important role of oligarchic clans in the life of the country which do not need an efficient risk management mechanism in the public sector of the economy; the exaggerated role and importance of market forces that themselves prop up viable state enterprises with an existing risk management system; the lack of qualified senior executives who can apply science-based approaches to risk management; and a selfish attitude on the part of the leadership of state bodies towards attempts to introduce risk management relating to the aspiration of subordinates to justify their possible mistakes.

In economically developed countries both scientists and practitioners have used modern approaches to risk management in the field of public administration. In particular, issues concerning “risk taking” and “the management of risk” in the public sector were reviewed in (Vincent 1996), effective learning strategies concerning risk management activities were described in (Dowlen 1995), and an original proposal to outsource some traditional government functions to civil society based organizations in order to improve risk management is described in (Halachmi 2005). Significant popularity was gained by the government’s document analyzing the practical aspects of risk management in the UK government (National Audit Office 2011). A detailed analysis of the practice of risk management in the UK is contained in (Chapman 2013), and features of risk management in local authorities are discussed in both (Crawford and Stein 2004) and (Hood and Smith 2013). A risk assessment component within the effective Internal Control System in order to support the activity of the Supreme Audit Institutions of the
developing countries was described in (IDI INTOSAI 2014). Lithuanian scientists pay specific attention to risk management issues within a specialized unit – the Project Management Office (PMO) – responsible for a portfolio of programs and projects coordinated at the ministerial level (Pilkaite and Chmieliauskas 2015) as well as risk assessment in public investment projects (Jasiukevicius and Vasiliauskaite 2015).

The theoretical framework of the research is the provisions of the New Public Management (NPM) that appeared in response to the inability of the traditional model of public administration in industrialized countries to respond to new economic challenges that accompanied the processes of democratization, globalization, trade liberalization, and the opening of national markets (Hood 1991). These processes revealed a contradiction between traditional bureaucracy and market economy. The traditional model of public administration is characterized by a large number of bureaucratic procedures, the merging of administrative and political processes, and the elite position of civil servants which is stipulated by the guarantee of life-time employment, high salary, and social preferences (Thynne 2003). The principles of New Public Management involve introducing the mechanisms of a management system specific to the private sector into the public administration system in order to create a competitive market (Ferlie 1996). In this regard, the bureaucratic apparatus acts as an intermediary between business entities with the minimum role of the state in the economic sector, which is ensured by the delegation of certain authorities to provide public services to the private sector on market conditions (Lægreid 2017; Pollitt and Bouckaert 2017).

Risk management that is widely used to implement measures of state influence on the economy forms an integral part of NPM. The available literature analyzes various aspects of the theory and practice of using risk management in public administration in sufficient detail. Greater attention should be given to a multi-authored monograph in which, along with theoretical arguments in favor of applying risk management on micro and macro-economic levels, its authors considering numerous examples of how it is used in various sectors of the economy. The authors of the monograph draw an important conclusion as to the implementation of laws and regulations – “the process of creation of law just as its implementation into the existing legal order must take into consideration the capacity for extreme modeling of the consequences and effects in order to disperse or eliminate possible risk beforehand” (Raczkowski 2017).

It should be noted that, along with a strong position that advocates the need for widespread risk management in public administration, some authors are rather skeptical about what they call a “fashion trend” (Lapsley 2009; Power 2007). Paying attention to the so-called “unintended consequences” (according to Robert Merton) of risk management in government organizations, Michael Power concludes that “beneath the surface of rational risk management designs, and claims for value-enhancing practice, lurks a pervasive fear of the possible negative consequences of being responsible and answerable, of being required to produce decidability in the face of the undecidable. This is the essential schizophrenia of risk management discourse as it has developed since the mid-1990s and as constituted by opposed logics – of enterprise versus discipline, of freedom
versus accountability, of democracy versus managerialism, and of opportunity versus audit ability” (Power 2007, 203).

The literature also presents papers whose authors pay attention to the practical problems of risk management in the public administration of both developed countries and emerging market countries. The article (Rouillard 2004) analyzes the experience of a number of government agencies in Canada, which enabled the author to identify the following strengths of risk management: transferring risk from government organizations to subcontractors; creating strong incentives for staff by increasing their responsibility to reduce government spending; developing and complying with a logic of government actions understandable to all interested parties; and encouraging risky and innovative actions by government organizations. The achievements and challenges of using risk management in Indonesian public administration practice are detailed in (Keban 2017). Summarizing his analysis of the situation, the author draws the following conclusion indicating the slowness and complexity of implementing risk management – “even though the New Public Management paradigm … has been adopted by the Indonesian public administration for over a decade, the practice of risk management remains limited, particularly within bank and non-bank financial institutions.”

The subject of the study is the theoretical and practical approaches to risk management in the activities of public authorities that manage, at the level of the Ministry of Finance, fiscal risks due to the poor performance of the state-owned enterprises.

The aim of this paper is to determine the theoretical and practical approaches to risk management in the activities of public authorities that manage the field of public finance.

In order to achieve the goals of the article, the following should be resolved: (1) define the concepts of “risk” and “risk management” with respect to public authorities’ activities, and (2) determine, in the case of fiscal risk management, the possibility of using internationally recognized standards for risk management and risk management practices in Ukrainian public finance governance.

To solve the issues above, we used the case study method which enabled us to develop the corresponding hypotheses and the directions of further research (Woodside 2010; Thomas and Myers 2015). We collected information by using face-to-face interviews with employees of the Ministry of Finance of Ukraine (department heads and experts) and employees of the Financial Academy of Ukraine. The research technique used was a questionnaire-based interview and the research tool was the questionnaire itself. The questionnaire was conducted in April-June 2018. Seven experts took part in the survey. Three of them represent the Ministry of Finance of Ukraine and four of them are academics.

**Concepts of risk and risk management**

Today there is no unambiguous understanding of the nature of risk. This is explained, in particular, by the multidimensional nature of this phenomenon; almost completely ignoring our economic legislation in terms of real economic practice and management. In addition, risk is a complex phenomenon that has a multitude of divergent, and some-
times opposing, realistic foundations. This leads to the possibility of several definitions of the concept of risk from different perspectives. Risk, fundamentally, is associated with such concepts as danger, the possibility of danger, or a particular event or activity. Some of the definitions of risk that are found in the economic literature include:

1. “Risk – an event or group of related accidental events that cause damage to an object having this risk” (Khokhlov 1999, 11) (main characteristic, risk = event).
2. “Economic risk means a certain possibility of occurrence of losses that are measured in terms of money” (Chernova and Kudryavcev 2013, 15) (risk = opportunity, probability).
3. “Risk is an activity associated with overcoming uncertainty in a situation of inevitable choice, in the process of which there is an opportunity to quantify and qualitatively estimate the probability of achieving the expected result, failure and deviation from the goal” (Granaturov 1999, 7) (risk = activity).
4. “Risk is an economic category that reflects the peculiarities of objectively existing uncertainties and conflicts that are inherent in the processes of goal-setting, management, decision-making, assessment, encumbered with possible threats and unused opportunities” (Vitlinsky and Skitsko 2013, 247) (risk = uncertainties and conflicts in the management decisions).
5. “The probability and magnitude of a loss, disaster, or other undesirable event” (Hubbard 2015, 8) and “Risk – a combination of the probability of an event and its consequences” (A Risk Management Standard 2002) (risk = a combination of several components).

Much attention is paid to the study of the practical principles of risk management in the activities of government bodies. Practically oriented materials used in the practice of public administration in Great Britain, Canada and Australia are particularly productive. Employees of the National Audit Office of the United Kingdom and the Treasury Board are constantly conducting risk studies into the activities of public authorities and their management methods. As a result of the study of problem issues and best practices, the relevant guidelines are printed. The Government of the United Kingdom has also published a wide array of examples of the successful use of risk management in public administration (Supporting Innovation 2000). In the Australian state of Victoria, the use of the Victorian Government Risk Management Framework has been introduced, which “describes the minimum risk management requirements agencies are required to meet to demonstrate that they are managing risk effectively, including interagency and state significant risk” (Victorian Government Risk Management Framework 2016). The Irish authorities use Risk Management Guidance for Government Departments and Offices (Risk Management Guidance 2016). Guidelines for risk management and public institutions in India have been developed and implemented (Internal Control & Risk Management – Framework 2016). Thus, at present, there are a number of fundamental sociological, cultural and economic concepts that address the issues of risk management in various areas of human activity.
We can offer the following risk definition. Risk can be characterized as a combination of three elements: a particular event, its probability, and its consequences. Accordingly, the risk is a combination of

(1) events related to and affecting the activities of the organization,
(2) the probability of these events and
(3) their consequences that make it impossible to achieve the planned goals, and ultimately affect the realization of the interests of interested persons.

Risk management is the management of the organization as a whole or its individual units, taking into account risk factors (that is, random events affecting the organization) based on a special procedure for their detection and evaluation. It also includes the selection and use of methods for neutralizing the consequences of these events, and the exchange of information on risks and control of the results of the application of these methods. It is based on the development of the International Standardization Committee (ISO) and a number of international organizations’ approaches. They have joined together risk management specialists, the joint efforts of which have produced a series of documents – “ISO 31000 – Risk management” – which provide terminology, procedures and risk management policies, as well as the logic of its implementation in organizations, etc. (ISO Popular Standards 2018).

Accordingly, the risks of the implementation of government program documents (henceforth – GD risks) are a set of risks of implementation produced by ministries, departments and other government bodies of state social and economic policy. These outline the difficulty or impossibility of achieving the objectives of the GD as a result of the influence of one or another possible event. It is practical, as the experience of consulting activity shows, to use a risk pattern. Its general form is as follows: the risk of non-fulfillment of a specific GD task due to the impact of one or another possible event.

Management of the risks of implementation of GD in general, and the use of those or other methods of risk management in particular, should first be based on certain fundamental principles, the observance of which will allow the full use of all available objective and subjective factors. Secondly, existing national and international regulatory documents that outline the most effective way to organize the risk management process should be taken into account.

Risk Management for the implementation of the GD is the management of the activities of public authorities taking into account risk factors (e.g. random events that affect their activities) on the basis of a special procedure for their detection and evaluation. It also includes the choice and use of methods for neutralizing the consequences of these events, exchange of information about risks, and monitoring the results of the application of these methods in order to fully realize the objectives of the program.

It should be noted that the problems of determining certain basic principles containing the basis of risk management in public authorities are in the sights of Ukrainian and foreign scientists. These issues are covered in the writings of Ukrainian scholars who deal with both the general issues of public administration and the peculiarities of risk management in public administration bodies.
From the theoretical point of view, the principles of state governance are regularities, relationships, interconnections, and the guiding principles on which its organization and implementation are based and which can be formulated in certain rules (Melnik et al. 2003). G. Atamanchuk distinguishes three groups of principles of public administration: system-wide, structural and specialized (Atamanchuk 1997). The system-wide principles to which the author refers include: the principle of objective management; democracy; legal orderliness; legality; distribution of power; publicity; and a combination of centralization and decentralization. Among the structural principles are: structural-target, structural-functional, structural-procedural, and structural-organizational principles. Special principles of public administration reflect “peculiar, sometimes very unique patterns, relations and interrelationships between organizations of certain administrative elements.”

Further research of risk management practice in the field of public finance will be based on a conceptual model that has been developed based on the above theoretical analysis. This model is shown in Fig. 1.

**Fiscal risks assessment: Ukrainian case**

Next, we will look at how one might manage risks in public authorities dealing with public finance management. As an example, the process of fiscal risk assessment will be explored. In the framework of the implementation of the aforementioned Strategy, the Methodology for Assessing Fiscal Risks Related to the Activity of Business Entities of the Public Sector of the Economy, approved by the Resolution of the Cabinet of Ministers of Ukraine dated January 11, 2018, No. 7 (henceforth referred to as “Methodology”) was developed (CMU Resolution 2018). Its adoption is conditioned by the fact that the enterprises of the state sector of the economy are a potential source of significant fiscal risks because of possible direct losses of the state budget. This can be due to the reduction of payments in favor of the state, an increase in the provision of state support, or the presence of large volumes of guaranteed loans and other liabilities the execution of which may be entrusted to the state budget. In the opinion of the Government, this will enable them not only to carry out a risk assessment, but also to prepare measures to minimize their impact on the indicators of the state budget of Ukraine.
In the above Methodology, under the fiscal risks associated with the activities of SOE, “the possible deviation of the projected indicators of the financial and economic activity of SOE from the planned level, which may lead to a decrease in budget revenues and/or require additional budget expenditures”, are recognized. “Such risks are expressed in absolute figures or as a percentage of gross domestic product“ (CMU Resolution 2018). Next, the Methodology specifies the following types of fiscal risks related to the activities of SOE: (1) the reduction of tax and non-tax revenues (including dividends) compared with the planned volume; (2) the state’s performance of guarantees in case of the impossibility for SOE to fulfill their obligations to creditors and the guarantor, (3) additional state assistance, (4) other types of risks that entail the expenditure of the centralized State’s funds.

The Methodology has been used since the beginning of 2018. On the basis of information provided to the Ministry of Finance on a quarterly basis, it places on its website a list of SOE with fiscal risks. Let us consider the results of Methodology usage, which have been made public on the website of the Ministry of Finance. They reflect the assessment of fiscal risks of the SOE that are likely to affect the state of public finance in 2019 (Ministry of Finance 2018a). As of January 1, 2018, there were 3,396 SOE, from which 2
793 entities, or 82.2% of their total number, were in business. 628 entities (or 22.5% of the total number) submitted information to the Ministry of Finance, which was requested according to the methodology. Of 628 SOE identified in 2017, 376 SOE worked profitably and received net profit, the total amount of which amounted to 58.0 billion hryvnias. 252 were unprofitable or did not receive profit, for which the total amount of losses received amounted to 38.2 billion hryvnias.

According to the results of the analysis, the Ministry of Finance identified the 25 SOE with the highest fiscal risks. This list includes SOE that have, in particular, high debt levels, loans borrowed under the government guarantees, foreign currency loan commitments, and are funded from the budget (Ministry of Finance of Ukraine 2018b). A detailed description of these enterprises is given in Table 1.

The Ministry of Finance of Ukraine believes that the main risks that are related to the activities of SOE and that may have a negative impact on the state budget may be as follows: reduction of deductions of tax and non-tax payments including net profit; dividends on the state share (in comparison with the planned volume); fulfillment of guarantee obligations by the state in case of the inability of economic entities to fulfill their obligations to the creditors; and the provision of additional state aid to cover the loss-making activity of SOE.

### Table 1: The main features of the activities of 25 SOE which carry the largest fiscal risks

<table>
<thead>
<tr>
<th>Number of SOE / (the most risky of all that have provided information)</th>
<th>Total asset value / (25 of all that have provided information) (billion hryvnias)</th>
<th>Total debt on loans borrowed under the state guarantees / (25 percent of all that have provided information) (billion hryvnias)</th>
<th>Total amount of liabilities under the foreign currency loans / (25 percent of all that have provided information) (billion hryvnias)</th>
<th>Total budget financing / (subsidies, subventions, donations, etc.) of economic entities (billion hryvnias)</th>
<th>Taxes, fees and other payments payed to the state budget / (25 percent of all that have provided information) (billion hryvnias)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25/628</td>
<td>1,702.7 / 89.9%</td>
<td>77.8 / 89.0%</td>
<td>183.4 / n.a.</td>
<td>3.2</td>
<td>88.5 / 79.0</td>
</tr>
</tbody>
</table>

Source: it is formed by authors on the basis of the Ministry of Finance of Ukraine (2018b)

At the same time, according to experts in the Ministry of Finance, the main factors that can negatively affect the activity of SOE and lead to the implementation of the above-mentioned risks include: the possible fall of the Ukrainian and world economies which may have negative consequences for the demand for the Ukrainian producers’ products and/or the loss of product markets; lower prices for goods; interest rate growth; and a fall in the exchange rate of the national currency, which would increase the cost of servicing debt obligation denominated in foreign currency and the value of imported items (Ministry of Finance 2018a).

It should be noted that state-owned enterprises that were identified according to the Methodology as those having the highest fiscal risks for budget execution in 2019 almost completely coincide with those that were detected in previous years when the Methodology was not yet applied.
We conducted expert interviews with employees of the Ministry of Finance, which in practice deal with the collection and analysis of information related to fiscal risks, and among scholars who are investigating public finance management.

The research was aimed to test the following assumptions.

**Assumption 1.** The most serious obstacles to the effective risk management of fiscal risks are the factors that are due to lack of personnel and technical resources.

**Assumption 2.** Factors that may negatively affect the implementation of the Strategy’s objectives to ensure that the Ministry of Finance is able to identify, assess, and monitor fiscal risks and take measures to minimize them are connected with the lack of information required.

**Assumption 3.** The Ministry of Finance does not use modern approaches to risk management based on the internationally recognized risk management standards (the first is ISO 31000).

To test Assumption 1, experts were asked to assess the extent to which certain factors hinder the effective performance of the regulator in managing fiscal risks. As factors, the ones identified in the Strategy (paragraphs 1-3 from Table 2) were given. Moreover, in their number, we also included those factors that are inherently related to the existing obstacles to the realization of the objectives of the Strategy, although they are called “risks” in it (paragraphs 4-6 from Table 2.).

At the same time, the experts were asked to independently identify the obstacle factors and evaluate them, responding to the open question questionnaire (Table 3).

The analysis of the experts’ answers to the questionnaire for testing Assumption 1 showed that the most effective activity of State regulators in managing fiscal risks is hampered by factors that may be classified as “information famine” in relation to the direct procedure for analyzing fiscal risks (paragraphs 1 and 6 from Table 2). In the 2nd instance, there are obstacles due to the lack of information on available public assets (paragraphs 3 and 4 from Table 2). Then last but not the least, experts have made it impossible to create an informational and analytical system for processing data on fiscal risks (paragraph 6 from Table 2).

**Table 2:** Factors hampering the effective functioning of the Ministry of Finance in managing fiscal risks (1 – minimum, 5 – maximum, average)

<table>
<thead>
<tr>
<th>№</th>
<th>Factors of obstacle</th>
<th>Scores (Experts assessment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Absence of full information on sources and probability of occurrence of fiscal risks</td>
<td>4.8</td>
</tr>
<tr>
<td>2</td>
<td>Unfinished work on the creation of a database of all assets and liabilities of the state sector of the economy</td>
<td>4.2</td>
</tr>
<tr>
<td>3</td>
<td>Absence of exhaustive information about land and commercial real estate available at the disposal of economic entities of the state sector of the economy and state organizations</td>
<td>3.6</td>
</tr>
</tbody>
</table>
The analysis of the responses to the questionnaire on the factors of obstacles to managing fiscal risks revealed that the experts from the Ministry of Finance supplemented the already existing list of those directly related to the capabilities of the Ministry staff to fulfill all the requirements of the methodology of fiscal risk management, as well as the low effectiveness of the consulting assistance (paragraphs 1-3 from Table 2). Experts/scientists, in turn, focused on the imperfection of the Methodology and the lack of consideration in it of Ukrainian specifics (paragraphs 5 and 6 from Table 2). They also noted that this Methodology is insufficient at the scientific level. Thus, in the Methodology which defines the types of fiscal risks, all risks related to the activities of state-owned enterprises that may affect the formation and use of centralized funds of the state, which are understood as state and local budgets and state social funds, are discussed. At the same time, other parts of the text of the Methodology often mention only payments to the state budget. Such a limitation of the analysis of fiscal risks is unacceptable. In addition, experts point out that a situation may arise when one and the same enterprise can be assigned immediately to the 1st and 2nd grades of risk.

Consequently, Assumption 1 was partially confirmed, as all experts placed it first among the barriers to the lack of information needed to calculate fiscal risks, and only experts of the Ministry of Finance pointed out the lack of staffing and methodological preparedness for this work.

The Assumption 2 verification allowed us to identify problems that arise when using the Fiscal Risk Assessment Methodology related to the activities of the SOE. Specialists of the Ministry of Finance recognized the need for significant improvement of coordination between Ministry departments and the introduction of a special department that would summarize the information gathered. Problems with late and incomplete reporting of fiscal risks were also noted. Consequently, Assumption 2 was only partially confirmed.
Table 3: Factors suggested by experts that impede effective action of Ministry of Finance on fiscal risk management (on a 5-point scale, where 1 are not at all impeded, 5 are very impeded)

<table>
<thead>
<tr>
<th>№</th>
<th>Factors of obstacle</th>
<th>Scores</th>
<th>Expert’s number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The impossibility of strengthening the institutional and analytical capacity of the Ministry of Finance to assess fiscal risks</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Lack of technical assistance to the Ministry of Finance for the implementation of a comprehensive system for managing fiscal risks</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Participation of a large number of advisory, expert, support groups, organizations, etc., which solve their own interests, distract staff by filling out questionnaires, etc., and provide them materials that are completely or almost completely insignificant for practical application</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Absence in full information of the public sector enterprises</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Imperfect Method of estimation of fiscal risks related to the activities of SOE.</td>
<td>4</td>
<td>4,5,6,7</td>
</tr>
<tr>
<td>6</td>
<td>Lack of scientific support for the development of fiscal risk measures taking into account Ukrainian specificity</td>
<td>4</td>
<td>4,5,6,7</td>
</tr>
</tbody>
</table>

Source: compiled by authors

Testing Assumption 3 has allowed to assess the current state of risk management in the activities of the Ministry of Finance departments and to determine the possibilities of using modern approaches to risk management. At the moment, the Ministry does not have documents and employees who manage the risks of their departments in accordance with the standards of risk management. The risks of the departments in writing form are not formulated. All experts recognized the need to introduce into their departments and the Ministry as a whole risk management practices in line with the one existing in developed countries of Europe.

Conclusions and proposals for further study

1. An analysis of fiscal risks associated with the activities of the Ukrainian SOE and their factors indicates that they are all well-known to the specialists and may be determined without using a special methodology. Consequently, there has been no need to collect information from the enterprises to calculate fiscal risks, as all the necessary analytical information is available. In this case, we deal with a typical example of an unsuccessful “institutional transplant” when the correct methods of assessing fiscal risks, which proved themselves in industrialized countries, are poorly suited for use in countries with economies in transition, which include Ukraine (Balatsky 2012).
2. The results of the survey indicate that the current state of implementation of the tasks for managing fiscal risks in accordance with the Methodology indicates the existence of certain problems with the way in which its goals are achieved. These problems were identified during the verification of the three aforementioned assumptions regarding risk management and arising from the use of the Methodology for assessing fiscal risks of state-owned enterprises. Thus, in particular, usage of the Methodology requires significant time spent by employees of SOE on the collection of the necessary information, since the Methodology provides for virtually all types of fiscal risks that may arise. Another problem of using the Methodology arises from the need to obtain data for all state-owned enterprises. Given that a number of enterprises are in a state of bankruptcy, others are in a state of privatization, and there are also enterprises that lack reliable information about their situation, the Ministry of Finance faces the risks of inaccurate and incomplete data being obtained from enterprises that is necessary for the management of fiscal risks. There are also problems that arise from the lack of clear technology for information processing and certain uncertainty of responsibility for failure to fulfill the tasks of collecting and processing information.

3. For more effective management of public authorities, in particular the Ministry of Finance, it is necessary, based on the results of an expert survey and under the conditions of the Methodology, to firstly coordinate the activities of their Departments; and secondly to seek timely and complete information necessary for the assessment of fiscal risks. From the standpoint of expert scholars, it is necessary to improve the Methodology, since some of its provisions are controversial.

4. Reforming the system of public administration of the economy, including the introduction of risk management in it, must proceed from the unlawful introduction of a single model of “catch-up modernization” that regarded the developed Western countries as a single model and treated the empirical mismatches of the modernizing countries with this model as incomplete or unsuccessful modernization. The Ukrainian authorities have to be guided by the new concept of “multivariate modernization” that denies the existence of a single model and allows each country to choose an option of modernization that fully corresponds to its peculiarities, so that the differences between national models of modernization become typical and comply with features of these countries (Lukyanov 2014). Therefore, it is necessary to conduct further special researches on how to implement risk management in the system of public administration of the economy most efficiently, taking into account the specificity of Ukraine.
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Ukrainos valstybės finansų rizikos valdymas

Anotacija


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