

ANALYSIS OF THE WELFARE SPHERE BRANCHES IN BELARUS: THE LESSONS ARE TO BE LEARNED

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ABSTRACT

The topic of welfare sector development in Belarus nowadays is of huge interest since by means of the welfare development level it is possible to judge the level of the country's economic system and the quality of public sector services as well. In recent years, especially in times of recession, the welfare sector positions in Belarus have been considerably weakened. This is partly explained by the aspiration to keep the old Soviet designs in the welfare system construction. At the same time, when national and subnational budgets are planned, governments try to hold with great difficulty the budgetary indicators of the welfare sphere at the level of last years. Such attempts, however, lead to the saving of budgetary funds only and they influence the deterioration of the welfare quality. The present paper pursues the aim to show: (i) what tendencies of social budgetary policy can be observed in the time of economic recession, (ii) how consistent was the welfare orientation of the central and local budgets in practice, and (iii) prospect ways for the welfare sector financing and what new financial tools and mechanisms are to be introduced. In the paper, methodology is linked with the suggested approach to evaluate the authority's fiscal efforts in welfare branches development using the elasticity coefficient in which exists the correlation between expenditure on welfare sphere branches and total budget revenues. By inserting the authority's financial reports data into the elasticity coefficient there is an opportunity to assess the authority's fiscal efforts in welfare policy. The main methodology background is based on financial reports of the Ministry of Finance of the Republic of Belarus and on-line databases present in the public finance area. The author considers the Belarusian welfare branches in national and subnational budgets, their structure, dynamics and other important indicators. A comparative analysis of the welfare sector branches with other European countries is submitted. The paper highlights the inconsistent policy of the Belarusian authorities in the sphere of the welfare branches' funding. Also, there are considered debatable issues of the welfare sphere finance reformation in Belarus during the economic crisis.

KEYWORDS: *welfare sphere, national budget, local budgets, budget expenditures, public finance.*

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Introduction

In recent years, the Belarusian welfare sector development has been characterized by advanced evolution of its branches: health care, education, physical culture, sport, culture, mass media, and social policy. For the last decade, the welfare sphere indicators have significantly grown (Ministry of Finance. Analytical reports, 2017). During 2005–2014 the incomes of population per capita has increased 13.9 times, expenditures on final consumption have raised 10.7 times and GDP per capita – 12.2 times (Statistical Yearbook of 2015, 2015). However, the growth of these indicators was promoted not so much by the results of structural eco-

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conomic reforms and economic modernization in compliance with market rules but rather by the use of raw material advantages of the Belarusian economy and external pumping of the national budget by loans. Russia's deliveries of cheap oil from which gasoline and other oil products were manufactured for sale in the EU countries had brought big "profits" for the Belarusian economy in the form of the customs duties. It filled up the national budget with tax revenues from foreign economic activity. A decade analysis shows that a share of the customs duties in the national (republican) budget revenues has increased from 7.9 up to 14.4 percent, and in 2011 and 2012 it reached respectively 28.0 and 26.8 percent. Thus, it created a good "pillow" for the rise of welfare sphere branches. In addition, Belarus has received many injections in the form of loans from international financial organizations and other fraternal countries. In 2009, the loan from the International Monetary Fund (IMF) of \$3538 million has been received. Then, Russia, Venezuela and Azerbaijan have issued loans of \$3600 million, as well. So, the total external injections into the Belarusian economy during 2007–2011 reached \$7138 million (Lyvachko, 2011).

One of the Belarusian welfare policy's main lines is rooted in its main subject – the state and governmental organizations. In other words, the central government acts as the main decision-making subject. NGOs having a certain innovative potential are very seldom attracted as partners. Their possibilities for advocacy of legislative changes in the welfare sphere are very limited. Thus, despite the existence of a rather developed system of the welfare sphere, interaction of the state with other partners remains weak. Nowadays, this interaction is carried out according to the principles that have remained from the Soviet period when the state was at the same time both the subject of decision-making, and the main actor in their implementation (Kovalkin, 2013). In this regard, there is a question whether the authorities' policy in the welfare sphere is stable and whether the proclaimed welfare orientation in the budgetary policy is consistent.

1. Methodology

The research methodology is based on the assessment of the authority's fiscal efforts in development of the welfare sphere branches in Belarus: health care, education, fitness, sport, culture, mass media and social protection. The methodology approach provides the use of the elasticity coefficient which includes the correlation between expenditure on welfare sphere branches and total budget revenues (Krivorotko, 2008). General practical findings are based on analytical data obtained from the official statistical sources, such as the State Statistics Committee, the Ministry of Finance of the Republic of Belarus, the Ministry of Economics of the Republic of Belarus, and on-line databases on this issue.

It is important to determine, whether there exists the dependence between certain articles of budget expenditures and total budget revenues, for example, own revenues or transfers (grants) from the higher budget or the central budget. In the author's opinion, these approaches to the local budget analysis could be supported by the method of reaction valuation of budget expenditures to the changes of its revenues. The result of such analysis is the definition of the priority expenditure articles to be covered by the local budget revenues. The priority spheres of local budget expenditures for a certain territory should be such kind of expenditures that provide growth in bigger rates than the budget revenues growth or continue to increase providing falling revenues.

Such dependence can be estimated using an arc logarithmic elasticity indicator (Krivorotko, 2008), given that the reaction of budget expenditure changes to the changes of total budget revenues in two nearest years is identical.

So, if at the moment of time (t_1) the condition of the budget is described by expenditures e_1 (or a certain article of welfare expenditures), total budget revenues (r_1), and at the moment of time t_2 by expenditures (e_2) and total budget revenues (r_2), then it would be expressed by the following model/formula:

$$E_{ex(rv)} = \frac{i_n(e_2/e_1)}{i_n(r_2/r_1)}$$

Where: $El_{ex}(rv)$ – elasticity of the branch expenditures caused by the total budget revenues²; i_n – consumer prices index.

Using the given model, it is possible to calculate the measure of expenditure reaction (or separate types of expenditure reaction) of the regional and local budgets on the changes of its revenues. In the formula, data of several periods should be included in the comparable prices using the consumer prices index.

Based on the received results it is possible to allocate various conditions of the considered model. The model allows estimating expenditure reaction of local budgets both under condition of increasing revenues and under condition of their reduction.

Let us consider these conditions:

1. If the budget revenues increase:
 - 1.1. $El_{ex}(r) > 1$ – highly significant direction of expenditures: the rate of expenditure growth is higher than the rate of revenue growth. In this case, it is possible to argue the priority of the given direction in budget expenditures.
 - 1.2. $El_{ex}(r) < 1$ – a significant direction with a low level of expenditures. The expenditures of this direction grow, but at smaller rates than revenues do.
 - 1.3. $El_{ex}(r) = 1$ – a budget direction of expenditures is significant. The stable growth of expenditures depends on the growth of revenues.
 - 1.4. $El_{ex}(r) < 0$ – an insignificant direction. In this case the reduction of expenditures at the growth of budget revenues occurs. The given type of expenditures is not priority for the local budget. There was an increase in expenditures at other directions due to these expenditures.
2. If the budget revenues decrease:
 - 2.1. $El_{ex}(r) < 0$ – a highly significant budgetary direction of expenditures. The budget revenues decrease and its expenditures grow. It is possible to rethink the priority of the given article of expenditures.
 - 2.2. $0 < El_{ex}(r) < 1$ – a significant budgetary direction of expenditures. The expenditures decrease at smaller rates than revenues. It characterizes an attempt to keep the volumes of funding by the given article.
 - 2.3. $El_{ex}(r) = 1$ – a low significant direction of expenditures. The budget expenditures fall at the same rates as revenues.
 - 2.4. $El_{ex}(r) - 1$ – an insignificant direction. The budget expenditures fall faster in rates than revenues decrease. The given direction of expenditures is not priority for the budget. With the help of the given model it is possible to define the most important priorities in expenditures of the local or regional budget; for example, priority may be given to public health education, fitness, sport, culture, mass media, social protection.

The results of such analysis can be as a “signal” for local authorities in what directions financial resources should be concentrated in the nearest future. This also enables to plan additional financial sources for priority directions in prospect both due to own revenues and due to transfers and grants from the higher local budgets or the central budget. Simultaneously, the results of the analysis may be helpful to the investors wishing to contribute funds to the development of those municipality public sectors which expenditures generate revenues.

2. Sources of welfare spending in Belarus

During the last decade, the Belarusian welfare sector development (health care, education, physical culture, sport, culture, mass media and social policy) demonstrated a significant growth (Statistical yearbook, 2015). However, the growth of living standard indicators were promoted not so much by structural reforms

² e_1, e_2 – expenditures gain (+) or expenditure reduction (–) at the moment of time t_1 and t_2 , accordingly.
 r_1, r_2 – budget revenues gain (+) at the moment of time t_1 and t_2 , accordingly.

and economic modernization in compliance with market rules, but more by exporting Russian cheap oil-based products to the EU countries. It had brought big “profits” for the Belarusian economy in the form of customs duties and filled up the national budget with tax revenue from foreign economic activity. In the last decade, a share of customs duties in the national (Belarus) budget revenues has increased from 7.9 up to 14.4 percent, and in 2011 and 2012 it reached 28.0 and 26.8 percent respectively. In addition, injections in the form of loans from international financial organizations and other fraternal countries have pumped the budget of Belarus (Lyvachko, 2011).

The main actors of Belarusian welfare policy are the official authority and governmental organizations. Though non-governmental organizations with innovative potential are seldom attracted as partners. Despite the rather developed welfare system, the interaction of the state with other entities is governed according to the principles of the Soviet period when the state was both the decision-maker and the main implementing actor.

3. Welfare expenditures: increasing share of local budgets

In Belarus, the welfare sphere is funded by the central and local budgets³. And in the funding process the local budgets dominate. Figure 1 characterizes the dynamics of expenditure covering the welfare sphere for the period 2010–2017.

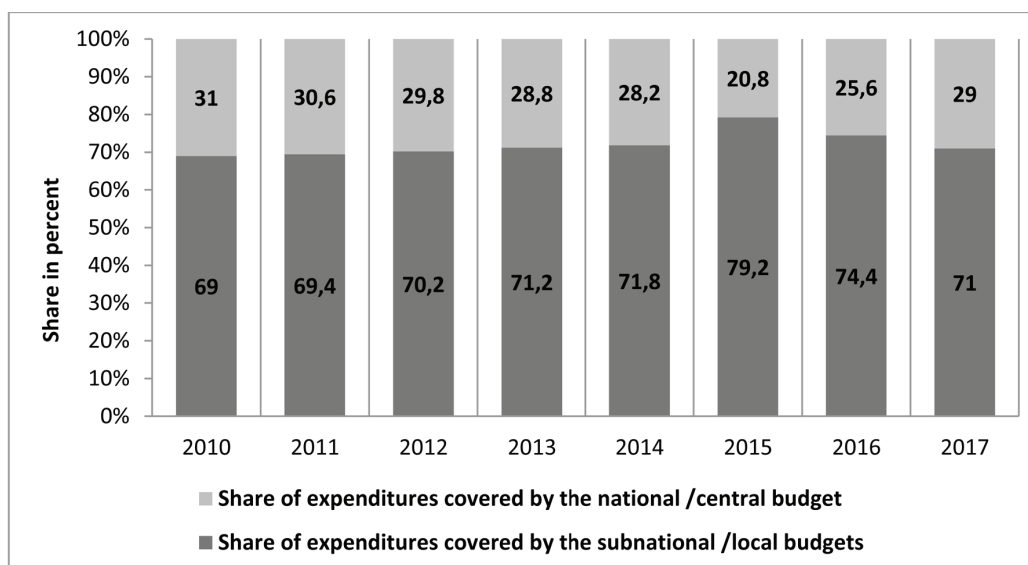


Fig. 1. Dynamics of the welfare sphere expenditures share covered by the national / central and local budgets, 2010–2017 (in percentage)

Source: compiled by the author based on data reports of the Ministry of Finance of the Republic of Belarus.

As Figure 1 shows, for the analysed period, the welfare sphere funding structure developed mainly in favour of subnational budgets. At the same time, the greatest ratio in favour of local budgets was reached in 2015 due to more decentralized policy in the welfare area. For the last five years, by means of the consolidated budget’s growth rate the following welfare branches have been developed: health care, education, fitness, sport, culture, mass media, and social policy. During 2010–2017, the average annual increase of welfare expenditures in the national budget was 8.9 percent and in subnational budgets – 8.6 percent. Thus, in local budgets the welfare branches’ expenditures annually grew more than in the consolidated budget. Table 1 illustrates it.

³ The author explored the welfare sphere exclusively funded by the central and subnational/local budgets excluding the fund of social protection (pension fund), which is not a part of the budgetary system, but is included into the system of the Ministry of Labor and Social Protection of Population of the Republic of Belarus.

Table 1. The annual growth of welfare sphere expenditures covered by the consolidated budget and subnational budgets (in percentage)

Welfare sphere expenditures	Years (to previous year)							Average annual growth (2010–2016)
	2011/2010	2012/2011	2013/2012	2014/2013	2015/2014	2016/2015	2017/2016	
Expenditure growth in the consolidated budget of Belarus	101.21	113.16	109.92	100.74	114.41	110,9	112,3	108.9
Expenditure growth in the subnational budgets of Belarus	101.86	115.14	110.76	101.58	110,4	112.0	108,8	108.6

Source: the author's own calculations based on analytical reports (2010-2017) of the Ministry of Finance of the Republic of Belarus.

Such excess demonstrates that local budgets, as well as in the EU countries, cover social/public areas much more widely than national budgets. So, each Belarusian ruble invested into local budgets produced more effect than the ruble invested into the national / central budget.

In 2015–2016, the welfare sector expenditures have captured more than 20 percent of the national (central) budget and from 50 to 70 percent of subnational ones and their shares in GDP reached 3.5 and 9.1 percent respectively in 2017 (see Tables 2 and 3).

Table 2. Share of welfare branches' expenditures in the national/central budget and in relation to GDP (dynamics in percentage)

Welfare branches indicators		Years						
		2011	2012	2013	2014	2015	2016	2017
Health care	Share in budgets (percent)	3.76	3.9	4.33	4.41	4.2	4.7	4.87
	to GDP (percent)	0.7	0.7	0.7	0.7	0.7	0.8	0.8
Education	Share in budgets (percent)	4.75	5.04	5.47	5.13	4.6	4.1	4.48
	to GDP (percent)	0.8	0.9	0.9	0.8	0.8	0.7	0.7
Social policy	Share in budgets (percent)	10.04	9.31	9.54	9.44	10.2	10.1	9.66
	to GDP (percent)	1.8	1.7	1.6	1.5	1.8	1.8	1.6
Fitness, sport, culture, mass media	Share in budgets (percent)	1.7	1.8	1.77	1.81	1.8	2.1	2.1
	to GDP (percent)	0.3	0.3	0.3	0.3	0.3	0.3	0.3

Source: the author's own calculations based on analytical reports (2011–2017) of the Ministry of Finance of the Republic of Belarus.

As Table 2 displays, the greatest share of the national budget welfare expenditures is devoted to social policy, education is in the second place. Public education expenditures are the largest in subnational budgets, followed by health care expenditures.

However, a comparative analysis of welfare expenditures and a share of these expenditures in relation to GDP shows that Belarus is still far from the European and international standards. According to the public expenditures review of Belarus prepared by the World Bank experts in 2013, the health care expenditures (5.4 percent) were lower than in the ten new EU countries⁴ (Belarus Public Expenditure Review, 2013). For example, in Lithuania 7 percent of the GDP are spent for health care. At the same time, according to the World Health Organization, Belarus is in the 105th place of the 190 countries ranked by the level of health care expenditures to GDP (Spasyuk, 2016).

⁴ i.e., Member States acceded to the European Union on 1 May 2004.

Table 3. Share of welfare branches' expenditures in subnational budgets and in relation to GDP (dynamics in percentage)

Welfare branches indicators		Years						
		2011	2012	2013	2014	2015	2016	2017
Health care	Share in budgets (percent)	19.2	18.9	17.8	18.5	22.3	23.0	27.9
	to GDP (percent)	2.8	3.1	3.2	3.1	3.3	3.65	3.6
Education	Share in budgets (percent)	25.6	24.0	23.0	23.3	26.14	26.72	31.4
	to GDP (percent)	3.8	4.0	4.1	3.9	4.0	4.25	4.0
Social policy	Share in budgets (per cent)	5.42	4.6	4.09	4.26	4.8	4.97	5.9
	to GDP (percent)	0.8	0.8	0.7	0.7	0.73	0.8	0.77
Fitness, sport, culture, mass media	Share in budgets (per cent)	3.98	3.92	3.57	3.52	4.36	4.61	5.7
	to GDP (percent)	0.6	0.7	0.6	0.6	0.57	0.73	0.74

Source: the author's own calculations based on analytical reports (2011-2017) of the Ministry of Finance of the Republic of Belarus.

As it is observed in Table 3, the greatest expenditure share in the welfare sphere is the education's share which dominates in subnational budgets. The health care expenditures take the second place in hierarchy of welfare branches. The subsequent places are taken by expenditures on social policy and culture, fitness, sport and mass media.

It should be noted that the welfare sphere expenditures are not equally developed in oblast budgets. In 2017, the smallest share of expenses on welfare were in Minsk city budget – 46.7 percent and in the budget of the Minsk oblast – 60.3 percent, whereas the greatest share was in the Grodnenskaya oblast – 67.0 percent, in the Brestskaya oblast – 66.6 percent and in the Vitebskaya oblast – 66.3 percent (Table 4).

Table 4. Welfare sector expenditures in oblast budgets in 2017 (share in percentage)

Share of welfare branches in oblast budget's expenditures	Oblast (region) budgets						
	Brestskaya	Vitebskaya	Gomelskaya	Grodnenskaya	Minskaya	Mogilevskaya	Minsk city (capital)
Health care	25.1	25.3	23.5	24.8	21.4	24.5	22.2
Education	31.7	31.0	27.5	31.8	29.6	31.4	16.6
Social policy	5.1	5.0	8.9	5.3	5.1	5.6	2.6
Fitness, sport, culture mass media	4.7	5.0	4.1	5.1	4.2	4.9	5.3
Total: Welfare branches in oblast budget expenditures	66.6	66.3	64.0	67.0	60.3	66.4	46.7

Source: the author's own calculations based on reports of the Ministry of Finance of the Republic of Belarus.

The table above shows that welfare expenditures in oblasts were formed almost similarly as in subnational budgets. The reason of discrepancies can be explained not so much by the features of local budget expenditures but rather by the number of the oblasts' revenue opportunities. Moreover, it can also be explained not so much by diverse local budget preferences as by the oblasts' revenue potentials. In Minsk city, situated in the Minskaya oblast, there was a rather strong revenue base for covering the standard welfare costs. There-

fore, these oblasts had an opportunity to re-direct the remaining revenues to other areas, such as housing and communal services, housing construction, law-enforcement activity, maintenance of order, etc.

The further welfare branches' analysis has shown the dynamics of growth by expenditures indicator per inhabitant in Euro equivalent giving a possibility of benchmarking with other countries. During the analysed period (2010–2017), the annual growing expenditures in Euro currency was 2.1 percent in average for all welfare branches. The biggest growth of expenditures per inhabitant was observed in health care – 4.26 percent and in fitness, sport, culture and mass media – 2.78 percent, which calculated from table 5.

Table 5. Welfare branches' expenditures per inhabitant in the consolidated budget, 2010–2016 (nominated in Euro equivalent)

Welfare branches' expenditures per inhabitant	Years							2017
	2010	2011	2012	2013	2014	2015	2016	
Health care	166.95	170.24	200.89	224.78	230.91	209.63	222.69	228.18
Education	215.5	224.83	256.15	286.93	286.45	250.96	247.63	245.52
Social policy	128.37	124.62	128.31	133.86	133.68	130.57	103.67	118.72
Fitness, sport, culture mass media	44.71	42.55	50.89	53.78	53.28	46.12	54.89	53.34
Total: Welfare branches' expenditures in consolidated budget	555.53	562.24	636.24	699.35	704.32	637.28	628.88	645,76
Reference: Total consolidated budget revenues per inhabitant (nominated in Euro equivalent)	1259.51	1403.78	1557.67	1684.23	1706.12	1594.98	1532,59	1453.03

Source: the author's own calculations based on analytical reports (2010-2017) of the Ministry of Finance of the Republic of Belarus.

As displayed in Table 5, in 2010, there were spent 555.53 euro per inhabitant in the welfare sphere, and in 2016 – 577.11 euro. Regardless of a better result in 2014, the financial year of 2016 can be characterized as a positive result in a socially-oriented budget, however insufficient in comparison with the EU countries. For example, the analysis of welfare branches in Poland shows that in 2013, 910 euros per inhabitant were used from subnational budgets, whereas from the national budget – 385 euros (Porawski, 2015). As a result, 1295 euro per inhabitant were used in the welfare sphere, that is a much larger amount than similar indicators in Belarus during the analysed period.

4. Evaluation of authority's financial efforts in welfare spending

Government's financial efforts and welfare security recently have become central issues both in central and local governments (O reformirovanii..., 2015). This aspect was explored using the elasticity coefficient of expenditures on welfare branches according to the total budget revenues⁵. The elasticity coefficient allowed defining a constancy degree in priorities of expenditure for the welfare sector purposes. The results of this research are presented in Figure 2.

⁵ $El\ ex\ (rv) = \ln(e_2/e_1) / \ln(r_2/r_1)$, where: $El\ ex\ (rv)$ – elasticity of welfare branch expenditures caused by the total budget revenues; e_1, e_2 expenditures gain (+) or expenditures reduction (–) at the moment of time t_1 and t_2 , accordingly; r_1, r_2 – budget revenues gain (+) or budget revenue reduction (–) at the moment of time t_1 and t_2 , accordingly; \ln – consumer price index. In an original interpretation of the elasticity coefficient there is a consumer price index. It is necessary for the adjustment on inflation. However, because this index is corrected both on formula numerator, and on denominator, it does not have impact on calculation result of the elasticity coefficient. It is possible to accept index 1.0 or to eliminate it from the calculations.

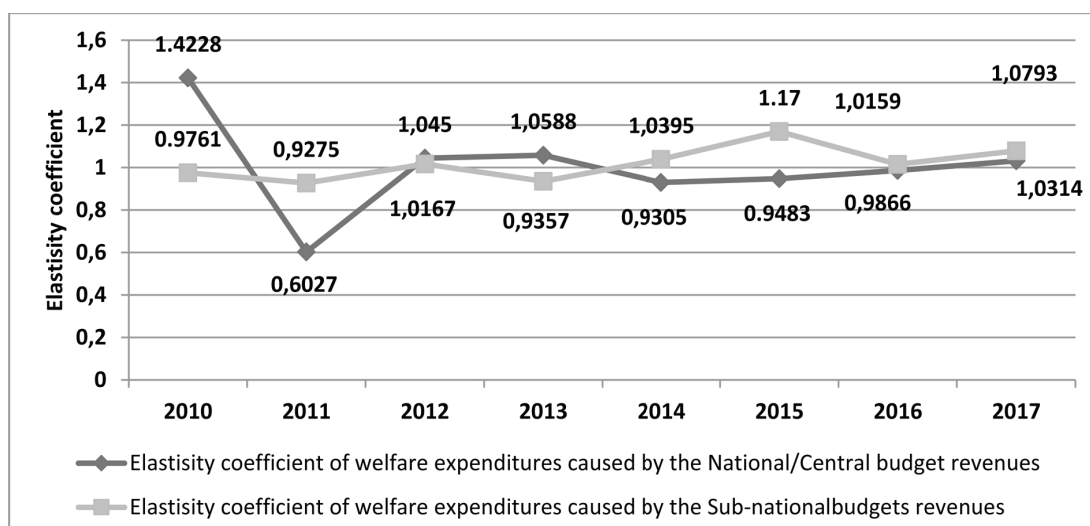


Fig. 2. Elasticity coefficients of total welfare expenditures caused by the national budget revenues and subnational ones, 2010–2017

Source: Own author's calculations on the basis of the Ministry of Finance of the Republic of Belarus reports 2010–2017.

The analysis shows that for this period governmental welfare policies both in the central and in subnational budgets were inconsistent and often changeable. In the national budget, in 2010 all welfare expenditures were a high priority. However, in 2011 this policy failed, and then the situation got better in the following year, and in 2014 and 2015 it failed again. If we take the elasticity coefficient for welfare expenditures in the subnational budget revenues, then it is possible to find a different trend: cutbacks in 2010, 2011 and in 2013, but increase in 2012, 2014, and 2015.

The reason why the elasticity coefficients of welfare expenditures are different both at national level and subnational ones is that the expenditure functions for these levels are different. For example, if we take education, universities and higher educational institutions are funded by the national budget, while primary, secondary schools and pre-schools by the district (rayon) local budgets. In health care, the special medical centres are funded by the national budget and the regional one, while interregional hospitals are funded by oblast (local) budgets.

The analysis of these tables shows that during the analysed period the authority's policy in the field of welfare both in the national budget and in subnational ones was inconsistent and changeable. It is possible to look at it through the dynamics of the elasticity coefficients following the consolidated budget and subnational or local budgets and to do comparisons. For example, considering the consolidated budget in 2010 it is seen that priority emphasis has been put on all welfare branches' expenditures. However, in fact a failure was the authorities' policy in 2011 where the welfare branches were given no priority emphasis.

In 2012, the situation had been a bit better than in the previous year. All expenditures except for social policy, had priority character. Insufficient financing also followed in 2013, where financing of social policy, fitness, sport, culture, and mass media had not been given priority. In 2014, only funding of expenditures on health care had been given priority, whereas expenditures for other welfare branches hadn't been considered the priorities.

If to consider an assessment of elasticity coefficients for the welfare branches expenditures according to the subnational budgets revenues, then it is possible to find the same tendency of inconstancy, however with certain asymmetry. For example, in 2010 all welfare branches' expenditures, except fitness, sport, culture, and mass media had no priority in the local budgets, however in expenditures of the consolidated budget the reverse situation was observed. This comparison shows that expenditures on health care, education and social policy in the national/central budget had a priority. According to the analysis of 2011 and 2012, it is possible to make the greatest social orientation in welfare expenditures which was not done in local budgets, and in the national budget. Only in 2014 and 2015 it is worthwhile to talk about a reverse situation when

priority was given for the expenses on welfare in local budgets if compared to similar expenditures in the national or central budget.

5. Declining welfare service performance and ways for improvement

Despite regular government promises to make budgets socially-focused, the welfare policy remains unstable. As the performed assessment proved, during the last five years, the Belarusian governments' efforts in welfare spending showed instability, frequent variations and inconsistency with the declared policy goals.

Due to the economic recession the government was not able to keep the share of welfare expenditures to GDP at the level of the last five years. Therefore, most of the welfare service indicators decreased. In health care, the number of hospitals was reduced from 657 to 636 between 2012 and 2015. There was a reduction of hospital beds from 106.6 thousand to 80.7 thousand. Instead, outpatient treatment was developed from 2.263 outpatient organizations (2012) to 2.352 (2015) (V Belarusi stalo menshe shkol i bolnits, 2016).

In the Belarusian education there was a similar situation. According to the official statistical data, the number of preschool educational establishments in the 2012/2013 academic year was 4,064, while in 2015/2016 their number was reduced to 3,951. However, in the same period, the number of enrolled children increased from 398 thousand to 409.8 thousand. In 2012–2015, the number of primary and secondary educational establishments was reduced by 349 – from 3,579 to 3,230. Nevertheless, despite such reduction of schools, the number of pupils increased from 928.2 thousand pupils to 969.1 thousand. During the previous four academic years two universities were closed in Belarus and now are functioning only 52. The number of students decreased by 92 thousand, from 428.4 thousand to 336.4 thousand (V Belarusi stalo menshe shkol i bolnits, 2016).

It should be noted that since 2017 the Belarusian government has increased the stage-by-stage retirement age by 3 years. If up to 2017 the retirement age for men was 60 years and women – 55 years, so in 2022 it will be 63 years and 58 years accordingly (O sovershenstvovanii pensionnogo obespechenia, 2017). The reason is that Belarusian Fund of social protection of population (pension fund) had no opportunity to finance labor pensions for people who had reached the retirement age. It may be an evident example of the declining welfare service performance.

6. Public private partnership as a way for welfare services improvement

Under conditions of deterioration of the welfare sector services in quantity and quality, Belarus is facing with challenges one of which is the need of capital investments in the welfare sector with very limited opportunities of budgetary funding. Moreover, in recent years, the tendency to decrease the budgetary funding is traced. It indicates the need to search new funding mechanisms for the welfare sector projects. One of them is a funding mechanism by means of Public Private Partnership (PPP). It should improve the living standards of the population and maintenance of the social standards level in comparison to the last years. Currently, only three PPP projects are implemented in the welfare sphere in Belarus (see Table 6).

Table 6. PPP projects in welfare sphere

DESCRIPTION	LOCATION	EXPECTED OUTCOMES	WORTH / INVESTMENTS	GOVERNMENT'S CONTRIBUTION	DURATION
Welfare projects					
Construction of two pre-school institutions	City of Minsk and Minsk region	Number of places in pre-school institutions increased	25.7 USD MM*	Land	2017–2019

DESCRIPTION	LOCATION	EXPECTED OUTCOMES	WORTH / INVESTMENTS	GOVERNMENT'S CONTRIBUTION	DURATION
Reconstruction of a block of buildings of Grodno hospital No. 3	City of Grodno	Number of beds in the institution increased, new technology procured	200.0 USD MM*	Land, infrastructure	2016–2019
Reconstruction of the museum, tourist and recreation complex	City of Brest	Tourism infrastructure improved	31.0 USD MM*	Land, infrastructure	2017–2020

* preliminary data

Source: compiled by the author based on data of the Centre for Public Private Partnership under the Ministry of Economics of the Republic of Belarus /http://kodeksy-by.com/o_gosudarstvenno-chastnom_partnerstve.htm

The table above characterizes the pilot projects only, which capture about 12 percent of the national infrastructure plan of the Republic of Belarus for 2016–2030. These figures give causes for essential optimism in the welfare sector development by means of PPPs.

However, as the PPP pilot projects started only in 2014–2016, it is too early to provide any comments or results on them, but some preliminary analysis of successful factors and components may be done. Nevertheless, there are risks of failure for the PPP projects due to the deterioration of the investment climate in Belarus where foreign investments for 9 months in 2016 decreased by \$2.4 billion in comparison with the same period in 2015 (Inventory..., 2016). As some researches have shown (Estache, 2010: 86), difficulties limit public finance in developing countries because of lack of policy and legal framework reforms and the complexity of institutional and political characteristics of the public sector. This justifies the use of PPPs in Belarus as an alternative financing instrument that is appropriate for attracting the private sector in financing of the public infrastructure investment.

Conclusions

The welfare sector in Belarus has not been reformed since the disintegration of the Soviet Union. One of the main lines of the Belarus' welfare policy is that it is deeply rooted in governmental organizations. The central government acts as the main subject of decision-making here. Other subjects represented by nongovernmental organisations having certain innovative potential are rarely attracted as partners.

The analysis of national and subnational budgets based on use of the elasticity coefficient calculated for the last five years obviously showed that the policy proclaimed by the official authorities in the welfare area both in the national budget and in subnational ones were inconsistent and changeable. Actually, in separate years the welfare branches had high priorities in budgetary funding and in other years the priority was insufficient and low.

Yet in the current recession, a special alarm is caused by the welfare security level where the GDP's welfare indicator tends to decrease. Already at present, there take place such changes as the reduction of medical institutions, hospital beds, and gradual replacement of hospitalization by outpatient treatment. Similarly happens in the education sphere where the number of preschool and secondary school institutions is reduced, despite the growth of the number of pupils. The main reason of these reductions is financial constraints both in national and subnational budgets.

Nowadays the state has no opportunities to completely perform its economic functions by means of traditional financing of welfare expenditures from national and subnational budgets. Therefore, an alliance of public and private sectors in the welfare sector funding is observed in Belarus. However, difficulties of limited public finance are the result of lack of policy and legal framework reforms as well as the complexity of institutional and political characteristics of the public sector.

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GEROVĖS ANALIZĖ BALTARUSIJOJE – PAMOKOS, KURIAS REIKIA IŠMOKTI

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Santrauka

Visuomenės gerovės sektorius Baltarusijoje nereformuotas nuo Sovietų Sąjungos iširimo. Remiantis statistiniais duomenimis, galima teigti, kad Baltarusijos gerovės politiką veikia vyriausybinių organizacijų veikla. Centrinės vyriausybės nariai yra pagrindiniai sprendimų priėmėjai. Subjektai, kuriems atstovauja nevyriausybinės organizacijos, turinčios tam tikrą inovacinį potencialą, kaip partneriai priimant sprendimus įtraukiami retai. Straipsnyje taikyta socialinio aprūpinimo biudžeto išlaidų analizės metodika, remiantis pateiktais statistiniais duomenimis, taikant išlaidų elastingumo koeficientą, atsižvelgiant į pajamas, yra geras valdžios institucijų pastangų gerovės srityje vertinimas. Taikytas vertinimo metodas atskleidė, nors pastarųjų penkerių metų plėtros rodikliai buvo geri, Baltarusijos valdžios institucijų politika nebuvo stabili, visuomenės gerovės srityje dažnas kintamumas ir nenuoseklumas. Nors BVP augo, gerovės paslaugų kiekis ir kokybė mažėjo. Pilietinei visuomenei tai kelia pavojų, nes mažėja medicinos įstaigų, ligoninių lovų, hospitalizacija laipsniškai keičiama ambulatoriniu gydymu. Panaši situacija yra ir švietimo srityje, kur mažėjo ikimokyklinio ir mokyklinio ugdymo įstaigų skaičius, nors mokinių skaičius augo. Nuo 2017 m. pensinis amžius pailgėjo trejais metais. Pagrindinė gerovės sričių mažinimo priežastis – finansiniai suvaržymai tiek nacionaliniu, tiek regioniniu lygiais.

Gerovės sektoriaus plėtros perspektyva susijusi tik su viešojo ir privačiojo sektorių partneryste Baltarusijoje. Dėl to gerovės įstaigų skaičius gali augti, o kokybė gerėti. Kartu biudžeto lėšos bus pakeistos privačiais investiciniais fondais, o centriniai ir subnacionaliniai biudžetai galės sutaupyti daugiau lėšų. Dabar Baltarusijoje vykdomi keturi viešojo ir privačiojo sektorių bendradarbiavimo bandomieji projektai – planuojamas gerovės sektoriaus tobulinimas. Kol kas apie jų veiksmingumą sunku spręsti, nes vienas bandomasis projektas prasidėjo 2016 m., kiti bus pradėti tik 2017 m. Pagrindinė viešojo ir privačiojo sektorių bendradarbiavimo kuriant gerovę projektų įgyvendinimo problema – investicinės aplinkos patrauklumas privatiems investuotojams. Akcentuojama sėkmingo viešojo sektoriaus ir privataus verslo bendradarbiavimo veiksmų paieška, įtraukiant koncesiją, kaip sąžiningą šių sričių bendradarbiavimo modelį, decentralizuojant sprendimų priėmimą, skatinant pilietinės visuomenės dalyvavimą įgyvendinant projektus, plečiant finansų rinką.

PAGRINDINIAI ŽODŽIAI: *gerovės sritis, valstybės biudžetas, vietos biudžetai, biudžeto išlaidos, viešieji finansai.*

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