

Research Article

Fiscal Mechanism in Public Administration of Social Risks

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ABSTRACT:

The research analyzes the essence of social risks as an object of public administration, proposes their classification, proves the necessity of interconnection of social and fiscal policies, substantiates the structure of the financial and budgetary mechanism of public management of social risks, proposes to improve it by increasing investment in human capital in order to prevent social risks.

The definition of social risk of human development is proposed as a separate type of risk, which is a measured part of the potential danger of deviations from social norms in the system of social relations, processes and activities.

Social risks can have economic, physiological, occupational, demographic and social character. Depending on the compensation method, social risks are divided into insurance and non-insurance.

It is proved that effective interaction of the budget and social policy will solve the problem: how the state should establish and provide social standards and guarantees to the citizens who need them, in the face of limited budget funds.

The research substantiates the essence and structure of the fiscal mechanism of public management of social risks of human development, specifies the subject and object of management, defines the general principles, methods, tools, logical schemes of the functioning of this mechanism.

It was determined that the orientation of the system of social protection to compensatory measures in relation to certain groups of the population, attempts to solve the problem of poverty by strengthening fiscal distributive processes, increasing the amount of social expenditures in the total expenditure of the state without increasing the effectiveness of social programs will not solve the main social problems.

It is proved that the main direction of improvement of the fiscal mechanism of public management of social risks should be minimization of the compensatory nature of financial provision of consequences of social risks and activation of investment tools application for prevention of their occurrence. In view of this, harmonization of social and fiscal policies is mandatory based on real forecasts of socio-economic development and the introduction of medium-term budget planning.

Keywords: social risk, fiscal policy, social policy, fiscal mechanism, investment in human development.

[I] INTRODUCTION

Changes that are rapidly spreading in the modern society, in addition to undeniable positive results, generate socio-economic and socio-political instability, cause difficulties in managing society in unpredictable, extreme situations that potentially can lead to certain social risks in the field of human development. The problem of public management of social risks is complicated by the fact that the mechanisms of its implementation, which were developed in previous years, no longer correspond to the global social changes in society at large. Social risks are caused by the ambiguity of social processes and extremely diverse in their manifestations. Affiliation of risks to a certain social sphere primarily affects the nature of their consequences, which entails the necessity of developing appropriate administrative mechanisms, the presence of which can testify to the existence of a real state social policy. However, the current problems of methodological and methodical nature remain unresolved regarding the state regulation of human development and its mechanisms, especially budget ones, with the purpose of harmonizing the activities of all branches of government and ensuring the nationwide priorities of social policy at all levels of government.

The purpose of this study is to substantiate the essence and structure of the fiscal mechanism of public management of human development social risks on the basis of clarification of the subject and object of management, the definition of general principles, methods, tools, logical schemes of the functioning of this mechanism with the allocation of managerial techniques they are based on.

[II] MATERIALS AND METHODS

The theoretical and methodological basis of the research became the works of Ukrainian and foreign scientists in the field of public administration, management, economics, finance, sociology, risk studies and so on.

In foreign scientific literature, research on social risks is carried out in the context of theoretical

foundations of risk. They are implemented in the writings of K. Arrow, U. Beck, P. Burnstein, A. Giddens, M. Douglas, R. Lukas, N. Luhmann, F. Knight, D. North, and others.

Some aspects of the essential components of the mechanism of public management of social risks of human development are the subject of research by many Ukrainian scholars, among them: N. Boretska, I. Gnybidenko, M. Dolishniy, A. Kolot, E. Libanova, V. Nadruga, A. Novikova, U. Sadova, L. Semiv, N. Romaniuk and others. The assessment of the impact of social risks is mainly carried out in the context of social security and social protection, with insufficient attention paid to the study of the mechanisms of public management of social risks in the field of human development as a complex phenomenon.

Problems of financing the social sphere were dealt with by J. Beskyd, O. Bogachova, S. Bukovinsky, N. Bolshakov, B. Danylyshyn, V. Kutsenko, V. Mandybura, I. Chugunov and others. However, there was no combination of human development and budget issues in their works. Therefore, it is necessary to develop the methodological foundations of a unified system of coordinates of social and fiscal policies, which requires a scientific rethinking of the concept and function of the budget from the standpoint of determining its role as a regulator of human development.

Methodical basis of work consists of a number of modern methods of scientific research, among which: dialectical method – to determine the essential characteristics of social risks; generalization method, comprehensive and systematic approaches – to substantiate the scientific principles of public management of social risks; methods of observation, comparison, analysis and synthesis – for analysis of subject-object relations in the system of public management of social risks and characteristics of fiscal tools for the implementation of state social policy; an integrated approach, methods of induction and deduction, abstraction, and formalization – to substantiate directions for

improving the fiscal mechanism of public management of social risks in Ukraine.

The information base of the research was the results of research conducted by leading Ukrainian and foreign scientists, information resources of the Ministry of Finance of Ukraine, the Ministry of Social Policy of Ukraine, scientific and statistical Internet resources.

[III] RESULTS

3.1. The essence of social risks and their types

Under social risks, as a rule, we understand the dangers and threats that restrict economic independence, social well-being and cause negative changes (deterioration) of the social situation of a person. The social situation, in turn, is determined by a combination of socio-labor, economic, legal and other parameters inherent to a social group or an individual. The basic parameters of social status include quality and standards of living; relation to property; access to power; social infrastructure (services in the field of education, health care, culture, social protection); place in the social and labor sphere, etc.

Social risks by their nature can have an economic, social, political, natural, man-made, etc. nature. As a rule, risks are closely interrelated, and in most cases, it is difficult to draw a clear line between them. In a broad sense, all these risks are social, because they have, in general, social mass character. Undoubtedly, there are risks of worsening of the social situation of the individual, when risks acquire a personal character, when the cause of human danger is himself: his behavior, way of life, attitude toward society.

Research on social risks in Ukraine is mainly based on the principles of a realistic direction, gradually acquiring an industrial dimension.

Thus, O. Novikova [1], U. Sadova [2], N. Romanyuk [3] consider social risk problems from the standpoint of national security, studying them as certain threats to human and social development, which turn into dangerous events.

L. Semiv [4] focuses mainly on migration risks, which can potentially lead to a loss of human resources in quantitative and qualitative terms, due to the underestimation of labor costs in the national economy, the simplification of the visa regime with other countries, and so on.

The result of the research of social risks in the labor sphere, carried out by V. Nadruga [5], was the allocation of them into a separate system, because according to the author it is this type of risk that is inherent to human economic activity (including periods before and after productive employment). The author determines that social risks in the labor sphere can have both a positive and a negative effect of the consequences of implementation. Along with this, for the labor sphere, the study of the negative consequences of their implementation is extremely important.

From a legal point of view, social risks are considered primarily as insurance. In particular, the Fundamentals of the Ukrainian legislation on compulsory state social insurance define the insurance risk as the circumstances in which citizens and/or members of their families may lose their livelihoods temporarily or permanently and need financial support or social services on compulsory state social insurance [6].

In a special study, conducted by scientists at M.V. Ptukha Demography and Social Studies Institute of NAS of Ukraine [7], social risks are considered from the standpoint of human development. Accepting its basic conceptual position regarding the impossibility of the existence of social risks in an ideal form, we should note that each of them is closely related to phenomena and processes in other spheres of society. According to the results of this study, the most well-defined definition of social risks was given – a threat that arises and manifests itself within the social sphere of society, has negative social consequences, influences the livelihoods of individuals, social groups and society as a whole. The wording of the definition of social risk, according to the authors, should be based on several prerequisites:

- rely on a general definition of risk, since social risk is one of the individual cases of general perceptions of the risk category;
- highlight the features of the content of social risk, distinguishing it from other types of hazards (natural, man-made, etc.);
- include rational components of risk definition, appearing in literary sources, legislative acts, etc.

Considering the stated requirements, the following definition is proposed: the social risk of human development is a separate type of risk, representing a measurable share of the potential danger of deviations from social norms in the system of social relations, processes and activities. It should be noted that the very concept of social risk is only at the initial stage of development and implementation in the legislative field. Unlike Ukrainian, Western jurisprudence has been working on social risk issues for quite some time. As a rule, the general concept of "risk" in the legal science of the West is interpreted in the broad sense, that is, as any undesirable phenomena for society. For the most part, these are those that directly threaten the life or health of a person.

Social risk, like any other social phenomenon or process, has a complex system of interconnections with other processes, and therefore, the manifestation of causal relationships is multifactorial and multidimensional, which necessitates a specific classification of social risk. Its purpose is to clearly determine the place of each type of social risk in accordance with the defined criteria. In this context, we can draw two approaches: for the first, all social risks are classified into four groups:

economic nature (unemployment, low income, migration);

physiological nature (temporary or persistent disability, pregnancy and childbirth, old age, death);

professional nature (occupational injury, occupational disease);

demographic and *social* character (multi-member families, single parenting, orphanacy).

The second approach is based on possible ways to compensate for social risks:

insurance, which provides for a special mechanism for economically justified amounts of insurance premiums and related insurance payments;

non-insurances, which underlie the organization of the system of state social assistance to certain categories of citizens. The amount of benefits depends on the degree of need of a citizen.

In the aggregate, social risks are the basis for the construction and functioning of the state system of social protection, financial and material mechanisms, which are designed to ensure the implementation of the right to social security for any person who needs it.

3.2. Justification of social and fiscal policies relationship

Social policy is a set of measures of state and non-state nature, aimed at identifying, meeting and reconciling the needs and interests of citizens, social groups, and territorial communities. The main component of social policy is ensuring equal access of the population to social services of the proper quality. The content of the concept of "social services" is not limited to social protection and social security of the population, but extends to the protection of health, spiritual and physical development and education, housing. This also includes the solution of the state problems related to employment, communal infrastructure, ecological status of human habitats [7].

In determining of priority directions of social policy by the state, the main attention is paid to cases where, under certain conditions, the welfare of a society or its separate groups is reduced. Moreover, the concept of "well-being" can include decent housing, work conditions, and also the ability to work, the level of the disease. Naturally, all these concepts are aspects of human development.

In modern Ukrainian practice, in most cases, social policy is the answer to the emerging social problems. Such problems can become serious threats to the society; therefore, they require a

quick and effective solution. But there are also problems, such as the aging of the population, which, firstly, poses a threat to the future, and secondly, their resolution requires time. Thus, understanding the essence of risks and problems and the causes of their emergence is extremely important for justifying social policy, as it helps to find adequate ways to solve them. The analysis of the causes of existing problems, in particular the demographic and economic situation in the country, enables us to model the prospects for socio-economic and human development, and, therefore, to anticipate possible threats in the future. Therefore, social policy should be aimed at preventing possible problems in the medium and long term. Such a task of social policy must be ensured by appropriate instruments of economic regulation, among which one of the most important are budgetary mechanisms.

Adoption of the Budget Code of Ukraine in 2001 caused fundamental changes in the whole budget system of Ukraine and became the first step in its reform in accordance with the Constitution of Ukraine and EU norms and standards [8]. From the point of view of human development regulation, it is important that the Budget Code clearly lays down, on a long-term basis, revenues and expenditures between the linkages of the budget system on the basis of the differentiation of powers on the provision of public services financed from budget funds between different levels of government and local self-government, and a distinction in the budget process participants functions is made.

The differentiation of expenditures in the Budget Code of Ukraine, in particular, on education, health care, social protection and social security, housing and communal services, between budgets of different types makes it possible to identify levels of government and, consequently, those parts of the budget system that have the greatest impact on one or another component of human development. An analysis of the consolidated budget expenditure structure makes it possible to determine the type of budget that is most closely

related to a specific aspect of human development, which in the future allows to predict the emergence of social risks associated with the imperfection of funding mechanisms used at various levels of the executive branch more accurately.

Budget expenditures should improve the welfare of the society and increase the quality of life of the population; therefore, they should promote the expansion of human development opportunities, in particular by preventing or minimizing social risks. However, to achieve this goal, there is a need to resolve the methodological issue – how to ensure the maximum impact of future taxes and fees and budget expenditures on human development at the stage of budget planning, and at the stage of budget implementation, monitoring and evaluating the effectiveness of changes in the state of human development in the country caused by these costs. The basis for developing such a methodology on regulating human development through budget mechanisms is the scientific rethinking of the concept and essence of the budget by defining its role in shaping human development based on state social policy.

The realization of the social policy goals can be achieved through the application of various mechanisms for solving social problems. The effectiveness of social policy is achieved through the choice of priority social problems at all stages of development of the economy, which are then reflected as the main tasks of the economic, including budget, state policy. Thus, social priorities refer not only to quality and standard of living, health care, education, culture and ecology, but also to quality and level of financial support.

3.3. The structure of the fiscal mechanism of social risks public management

The fiscal mechanism of public management of social risks is proposed to interpret as a means of consistent implementation of organizational and economic actions based on objective laws, basic principles, target orientation, functional determinacy, using appropriate financial and budgetary methods and tools aimed at achieving

the goal, which is to prevent and minimize the effects of social risks of human development. In other words, it is a system of financial methods, levers and tools used by public authorities to directly and indirectly influence society as a whole and individual social groups, along with appropriate regulatory, organizational and information support. The components of the mechanism are presented in Table 1.

| Components | Content |
|------------------------|---|
| Goals | Prevention and minimization of the social risks' consequences for human development |
| Objects of management | State and local self-government bodies |
| Subjects of management | - Society as a whole - Separate social groups |
| Tasks | - Providing social assistance to those members of society who are not able to support themselves - Social insurance in case of illness, unemployment, etc. - Production and acquisition of those material goods and services, which the state is responsible to provide |
| Principles | - Rationality - Efficiency and effectiveness of using budget funds - Addressing assistance - Subsidiarity - Coherence of budgetary and social policy goals - Harmonization of the compensatory and investment nature of financial support |
| Methods | - Direct budget financing - Program budgeting - Budget financing of social sectors - Strategic planning - Compulsory state social insurance |
| Tools | - Direct impact: state social standards (poverty line, minimum wage), state social guarantees, monetary benefits, allowances, subsidies, targeted programs, targeted subventions to local budgets. |

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|---|
| - Indirect impact: budget expenditures on education, health care, culture, subventions, national social insurance, insurance premiums |
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Table: 1. The structure of the fiscal mechanism of social risks public management

Let us examine the features of individual components of the financial and budgetary mechanism of public management of social risks.

The implementation of social policy by the state or local authorities is based on the application of state guarantees, standards, as well as rules and regulations, which makes their use an integral part of the social policy. These state guarantees and standards are established at the legislative level, in particular, in the laws on the state budget for each year, that is, they are the basis for the formation of the social component of state and local budgets. At the same time, in the formation of an active social policy in the field of human development in modern Ukraine, there is a need not only to determine the budget resources based on standards and guarantees, but also to develop budget mechanisms, without which it cannot be activated both at the state and at the regional levels.

Budget policy is one of the most effective tools of state regulation of socio-economic development of the country. The purpose of fiscal policy, like any other, is a specific result, different from that already exists, or one that promotes the improvement, development and increase of the efficiency of the process or the final product/service. Considering the above, many countries have now begun to use methods of budgeting focused on socially meaningful results. In each country, the methods of budgeting can be called differently – for example, result-based budgeting, performance or productivity management, program-target method. However, all of them have a common goal, which is to achieve a specific, usually long-term result, which best meets the needs of society. And since such a result should also be sufficiently objective, measurable and predictable, a distinctive feature of such methods of budgeting is a system for

assessing the quality of budget services and the effectiveness of fiscal policies in general.

All this makes it possible to assert that budgetary tools, namely direct expenditures, centralized purchases, intergovernmental transfers, etc., are regulators of social and economic development. In addition, taking into account that the main components of human development, such as education, health care, social protection and social security, belong to the main budget spheres in Ukraine (i.e., their expenditures are almost entirely formed at the expense of budgetary funds), some aspects of human development can be effectively regulated through the use of special budget mechanisms and tools, in particular, potential social risks can be influenced.

Budget expenditures are capable of actively influencing human development through, first of all, supporting the socially unprotected sections of the population, financially ensuring the functioning of institutions and conducting research, in particular in the areas of health care, education and ecology. At the same time, this influence is conditioned by the budget structure, that is, the structure of the budget system and the functional links between its elements. In turn, the budget structure, in particular the system of local budgets and their relations with the state budget, are determined by the state structure and the administrative-territorial division of the country.

According to the budgetary system, in Ukraine financial support for the expansion of human development is carried out both from the state budget and from the local budgets, which determines the need to study the degree of influence and the relationship between the level of the budget, which finances, and the amount of funding and human development. But it is necessary to consider the theoretical basis of the budget impact on human development based on determining the relationship between the budget and social policy in general.

The budget significantly affects the state of the socio-cultural sphere: education, health care, housing and communal services, social protection

and social security and culture. It is these areas that provide the most basic preconditions for human development, which prevents the emergence of social risks.

The tasks solved in the direction of spending public funds, can be divided into three groups:

- providing social assistance to those members of society who are not able to provide themselves independently. For example, the allowances paid to disabled children;
- provision of social insurance in case of illness, unemployment, etc. For this category of expenses, unlike the previous one, the essence of the process is not limited to redistribution, there is a peculiar pre-accumulation of funds, including personal, insured for the purpose of the next payment with the occurrence of the insured event;
- production and acquisition of material goods and services, which the state assumes the responsibility for.

In this context, "social expenditure of the budget" is not only a system of financing, but also a system of social rights and guarantees of the population, expressed by a set of relevant state standards and budgetary mechanisms to ensure these rights and guarantees.

The Constitution of Ukraine, adopted at the fifth session of the Verkhovna Rada of Ukraine on June 28, 1996 is the basic document in which the rights of citizens to social protection, a sufficient standard of living for themselves and their families, health care, medical care and health insurance are secured. According to Art. 46 of the Constitution of Ukraine, citizens have the right for support in the event of full, partial or temporary disability, loss of breadwinner, unemployment due to circumstances beyond their control, and also in the case of aging. The Constitution provides that this right is guaranteed, in particular, by compulsory state social insurance at the expense of insurance premiums of citizens, employers, as well as budget and other sources of social security [9].

Consequently, the social policy of the state should take into account the demands of all social strata

of the population, promote the establishment of an optimal balance between the incentives of the economic activity of the able-bodied population and the social protection of those who need it, between measures aimed at solving promising and current social problems.

Thus, the principle of rational social policy is the need for a reasonable, economical and at the same time effective spending of limited social resources at the state level, and at the level of regions and enterprises. The principle of the effectiveness of the budget system determines that when drafting and executing budgets, all participants in the budget process must strive for achievement of the planned goals with the attraction of the minimum amount of budget funds and achieve maximum results with the use of the budget determined by the amount of money [8].

The principle of targeting – the most urgent in the modern social policy of Ukraine. The impossibility of providing state support to the entire population is explained by resource constraints and the expansion of the spectrum of priority social services. Privileges for certain categories of the population that the government seeks to distinguish from the general population are provided on a professional or service basis to certain categories of citizens.

The limited budget resources put the state in the position of refusing general support of the entire population and providing specific assistance to the socially vulnerable groups of the population (large families, people with disabilities, refugees, etc.) who urgently need it. At the same time, there is a question of cutting off the social security system of those strata of the population that have economically succeeded and no longer need this support.

This principle is closely linked to the principle of subsidiarity of the budgetary system, according to which the distribution of types of expenditures between the state budget and local budgets, as well as between local budgets, should be based on the greatest possible approximation of the

provision of public services to their immediate consumer [8].

Therefore, the lack of implementation of one of these principles of social policy causes the corresponding negative consequences for budgetary policy.

Ensuring targeting of payments from the budget is realized in two aspects:

- from the point of view of horizontal efficiency, combating poverty is considered to be effective when assistance is provided to all who need it;
- from the point of view of vertical efficiency, to maintain cost growth, assistance should be provided only to those who really need it.

In the area of social policy, it is, first of all, about vertical efficiency, since it directly relates to budget expenditures for assistance. At the same time, horizontal efficiency is also important, because the impact of poverty eradication depends on it.

Therefore, the basis for effective interaction between the budget and social policy is the solution of how the state should establish and ensure social standards and guarantees for citizens in need, in the face of limited budget funds.

According to the law, the definition of the right to assistance for all social programs should be based on the subsistence minimum (SM). In addition, this indicator should become a peculiar benchmark for the establishment of other national minimum social standards, such as minimum wages, minimum old-age pensions, unemployment benefits, other types of social allowances and benefits. In this regard, two important parameters are important: the SM value itself and the correction coefficient, which will determine the amount of the total income of the family, which gives the right to receive social assistance (the level of provision of SM). When determining the value of SM, it must be taken into account that it must ensure the implementation of constitutional guarantees to the citizens of Ukraine, and the appointment of social assistance (in particular, the

definition of the level of provision of SM) must be financially justified.

However, only the focus of the system of social protection on measures of compensatory nature in relation to certain groups of the population, attempts to solve the poverty problem by increasing fiscal distributive processes, increasing the amount of social expenditures in the total expenditure of the state without increasing the effectiveness of social programs will not solve the main social problems. After all, an increase in the volume of budget expenditures directed towards the needs of social protection does not yet testify to the success of social policy. There may be a number of negative phenomena in the form of ineffective management and bureaucratization of the social protection system, the abuse and fraud of some recipients of social benefits, injustices, disparities in assistance to low income people living in different regions and having different demographic and economic characteristics.

Way out of this situation may be in changing the ideology of the budget process from the implementation of social expenditures of the budget to the implementation of budget investments aimed at human development. Such a transition should be based on the definition of the essence of investment in human development. Determining the subject and the subject of investment is the basis of understanding the essence of investment in human development. The object of such investments is the social sphere and housing and communal services in the form of specific industries, enterprises, organizations and people, which constitute the social structure of society.

Education, health care and welfare are the most important spheres in the structure of human development. These directions in the structure of the budget correspond to expenditures on education, health care, social protection and social maintenance of the population and housing and communal services as an industry that is associated with the creation of decent living conditions and work of a citizen. Therefore, the

relationship between the use of budgetary funds and the state of human development should be considered in the context of these industries.

[IV] DISCUSSION

In our opinion, the main direction of improving the financial and budgetary mechanism of public management of social risks should be minimization of the compensatory nature of financial provision of consequences of social risks and activation of the use of investment instruments for preventing their occurrence. In view of this, harmonization of social and fiscal policies is mandatory on the basis of real forecasts of socio-economic development and the introduction of medium-term budget planning. In this context a great importance is turned to the Budget Declaration – a strategic document that should agree the basic principles of fiscal and social policy.

To date, the Budget Declaration is not a complete strategic document, since it does not contain a link to the macroeconomic forecast, the analysis of the level of achievement of goals proclaimed in the previous year, as well as the analysis of the potential impact of the proposed budget decisions on the country's socio-economic situation in the medium-term perspective, in particular on expanding the capabilities of human development. Therefore, it is necessary to restructure the Budget Declaration and thereby conceptually change its role in the budget process, giving it the status of a full budget document, which will mean completion of the first stage of the budget process. Therefore, in order to ensure effective regulation of human development, the structure of the Budget Declaration should contain separate sections that will reflect:

- an estimation of the relationship between budget expenditures and achieved indicators of human development over the past year;
- existing strategic goals of social policy, in particular regarding human development, which need to be addressed through implementation of budgetary policy measures;

- proposals for solving these problems (directions of fiscal policy in clear correspondence with the strategic goals of social and economic policy of the state and mechanisms for its implementation in each direction;
- forecast of the main parameters of the budget for the planned year and the medium-term perspective. Such a forecast should include a generalized structure of budget revenues and a detailed structure of budget expenditures according to functional classification, in particular intergovernmental fiscal relations and a list of budget programs aimed at human development;
- an assessment of the regulatory impact or expected social outcomes, including changes in the human development situation as a result of the medium-term implementation of the budget policy measures envisaged in the declaration.

Thus, in addition to establishing the political component of the budget process, the distribution of the projected amount of budget resources for the planned year and the medium-term perspective according to the branches and main programs for human development should be carried out at this stage.

The methodological approach should be based on the assessment of existing current budgetary commitments and social guarantees of the state to citizens (a certain level of wages, social benefits, pensions). Such an assessment, in turn, should be based on determining the future value of the budget service, taking into account the impact of all factors that may increase this value, among which: the projected amount of inflation, increase or decrease in the payroll, increase or decrease of certain social criteria that are the basis for the calculation of wages, transfers to the population (the size of the subsistence minimum, the minimum wage, etc.). In order to take full account of the financial needs for measures aimed at achieving certain goals, in particular in social policy, such goals can be reflected in the form of established standards for the provision of social services to the population. But if we consider the whole budget system rather than its separate

components, this approach seems rather complicated, which takes a lot of time to develop and test the methodology for determining the standards, and then the methodology for calculating the corresponding need for financial resources. Therefore, without diminishing the relevance of the introduction of social service standards as an important component of fiscal policy, it is necessary to consider human development standards as a necessary component of fiscal policy, starting with the first stage of the budget process.

[V] CONCLUSION

Social risk of human development is a separate type of risk, representing a measurable share of the potential danger of deviations from social norms in the system of social relations, processes and activities.

Social risks can have economic, physiological, occupational demographic and social character. Depending on the compensation method, social risks may be insurance and non-insurance.

In the aggregate, social risks are the basis for the construction and functioning of the state system of social protection, financial and material mechanisms, which are designed to ensure the implementation of the right to social security for any person who needs it.

It is proved that effective interaction of the budget and social policy will solve the question: how the state should establish and provide social standards and guarantees to the citizens who need them, in the face of limited budget funds.

The research substantiates the essence and structure of the fiscal mechanism of public management of social risks of human development, specifies the subject and object of management, defines the general principles, methods, tools, logical schemes of the functioning of this mechanism with the allocation of management techniques on which they are based.

It was determined that the orientation of the system of social protection to compensatory measures in relation to certain groups of the

population, attempts to solve the problem of poverty by strengthening fiscal distributive processes, increasing the amount of social expenditures in the total expenditure of the state without increasing the effectiveness of social programs will not solve the main social problems. The main direction of improvement of the fiscal mechanism of public management of social risks should be minimization of compensatory nature of financial provision of social risks consequences and activation of investment tools application for prevention of their occurrence. In view of this, harmonization of social and fiscal policies is mandatory on the basis of real forecasts of socio-economic development and the introduction of medium-term budget planning. In this context the Budget Declaration, a strategic document that should harmonize the basic principles of fiscal and social policy, is therefore important.

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