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Monthly Monitoring of Main Budget Indicators of Ukraine as of April 1, 2009

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Tendencies of Execution of Consolidated, State and Local Budgets in Ukraine

The State budget revenues were executed at 21.6% of the annual plan in Q1 2009, which is 1.3 ppt more than the same indicator in 2008. The amount of State budget revenues increased by 9.7% year on year.

Implementation of the revenue plan in January-March 2009 was achieved thanks to customs clearance of the gas imported in Ukraine in previous periods, which allowed to maintain receipts of VAT on imported goods at the last year's level, as well as pay the deferred tax obligations of NAK Naftohaz Ukrainy in rent payments for the gas condensate produced in Ukraine. Without these receipts, the annual plan execution amounted to 20.5% or 0.2 ppt more than the level of revenues in Q1 2008 against the actual annual revenues.

A gradual increase in the share of tax revenues in the overall structure of State budget revenues characterized the execution of the State budget in January-March 2009. For example, where the share of tax revenues amounted to 68.2% in February, it increased to 71.3% in March. Also, a trend emerged of growth in revenues from some revenue sources of the State budget. For instance, while the excise tax was the only "growing" source in February 2009, based on the quarter's performance, the revenues from value-added tax and fee for use of natural resources have also exceeded the respective last year's figures by 11.4% and 16.7%, accordingly. A positive dynamics is also demonstrated by revenues from both the internal and "import" excise tax, which are up 26.0% and 45.7%, respectively. The main reason of this growth consists in raising the tax rates for tobacco and tobacco products as of 1 January 2009. The enterprise profit tax and taxes on international trade and external transactions show a reduction in the revenue amounts by 6.7% and 50.0%, accordingly.

At the same time, note should be made of a sharp rise in revenues from such revenue item as "Other sources of own revenues of budgetary institutions." The State budget received Hr 4.1bn in these revenues, which is significantly more than last year's indicator. It can be assumed that a loan issued to the UkrAvtoDor Road Maintenance Authority under government guarantees is credited as this item of budget revenues.

The aggregate local budget revenues (without intergovernmental transfers) totaled Hr 15.9bn in January-March 2009, which is 2.5% less than the respective 2008 figure. The local budget revenues totaled Hr 5.9bn in March or 3.2% less year on year.

A growth in tax revenues of local budgets is noted for January-March. They totaled Hr 4.9bn in March, which is 1.9% more than in March 2008. The tax revenues of local budgets were up Hr 0.4bn or 9.6% against February 2009. As of the year outset, there was a stable growth observed in the amount of receipts from payment for land totaling Hr 1.9bn in January through March, with the increment of +33.5% against the same period in 2008. The personal income tax receipts totaled Hr 3.5bn, which is 2.7% less than in March 2008. It is the first time that such situation is observed. On the whole, the personal income tax totaled Hr 9.8bn in January-March 2009, which is practically on par with the indicators in the same period of 2008.

The local budgets received Hr 1.8bn in non-tax revenues in January-March 2009, with Hr 0.7bn received in March. The said receipts exceed the relevant 2008 indicators by 18.4% and 27.9%, accordingly. There were only Hr 192.3mn in capital transactions received in March 2009 or 64.6% less year on year. The revenues of targeted funds have also declined substantially to Hr 74.3mn (compared to Hr 172.7mn in March 2008).

The State budget deficit totaled Hr 0.6bn in March 2009 or nearly Hr 0.8bn less than in February 2009. Based on the results of January-March 2009, the State budget deficit totaled Hr 0.3bn, including the General Fund deficit of Hr 4.5bn and Special Fund surplus of Hr 4.2bn. The General Fund deficit was financed through active transactions of Hr 2.7bn.

Hr 2.1bn or 99.0% of the budget balance as of the year outset were used in Q1 2009¹. Use of resources of the single treasury account to finance the State budget General Fund deficit totaled Hr 0.7bn. Financing on debt transactions due to excess of borrowing over repayment for the General Fund of the State budget totaled Hr 1.8bn. The existence of Special Fund surplus is mainly explained by accrual of freely-available cash in accounts totaling Hr 2.1bn in the period under review.

Expenditures of the consolidated budget of Ukraine totaled Hr 25.8bn in March 2009, which is Hr 4.6bn or 21.8% more year on year. For the departments of education and health, the consolidated budget expenditures demonstrate a repeat of the trends of March 2008 and growth of 19.3% and 22.3%, respectively. Expenditures for social protection and social security increased by 19.4% in March 2009 year on year and reached Hr 7.2bn.

The share of State budget expenditures (with intergovernmental transfers) accounts for 19.0% of annual expenditures in the period of January-March 2009 or is almost at the 2008 level (18.9%) and is 2.1 ppt greater than the respective 2007 figure (16.9%). The rate of growth of State budget expenditures (with intergovernmental transfers) in January-March 2009 amounted to 111.7% year on year (this indicator amounted to 154.6% in 2008, and its lowest level since 2004 was recorded in 2007 amounting to 110.3%).

The State budget expenditures (with intergovernmental transfers) totaled Hr 19.8bn in March this year, including General Fund expenditures of Hr 14.6bn and Special Fund expenditures of Hr 5.2bn. The amount of credits provided from the State budget totaled a little less than Hr 0.1bn in March. Expenditures of the General Fund of the State budget were executed at 19.7% of annual appropriations in January-March 2009, and those of the Special Fund at 17.1%.

Overall, expenditures of the State budget (with intergovernmental transfers) increased by 17.1% this March year on year. Notably, the March 2009 expenditures for agriculture, forestry and game reserves, fisheries, and environmental protection decreased by 35.2% and 33.7%, respectively, year on year. The rest of indicators demonstrate a relative growth. In particular, expenditures for the fuel and energy complex increased 5.3 times, those for spiritual and physical development — 1.5 times.

Expenditures without transfers were down 1.7% in March compared to February 2009. This decrease was due to a steep reduction in transport expenditures.

The aggregate expenditures of local budgets (without intergovernmental transfers) totaled Hr 10.6bn in March 2009, which is 20.9% more year on year (they amounted to Hr 26.8bn in January-March 2009 and Hr 22.3bn in January-March 2008). However, this increase in local budget expenditures at the beginning of the year is only observed for social expenditures (with the growth of +25.7%), while the expenditures for economic activity, housing and communal services, and environmental protection show an overall decline of 18.3%. Other expenditure items in local budgets are virtually identical to the amounts recorded in January-March 2008.

¹ According to Article 14-1 of the Budget Code of Ukraine and Article 1 of the Law of Ukraine “On the State Budget of Ukraine for the Year 2009,” the circulating cash should amount to 2% of the annual expenditures of the State budget’s General Fund by the end of the year, which is about Hr 3.9bn.

State Budget Revenues

Diagram 1

Structure of State Budget Revenues in March 2009

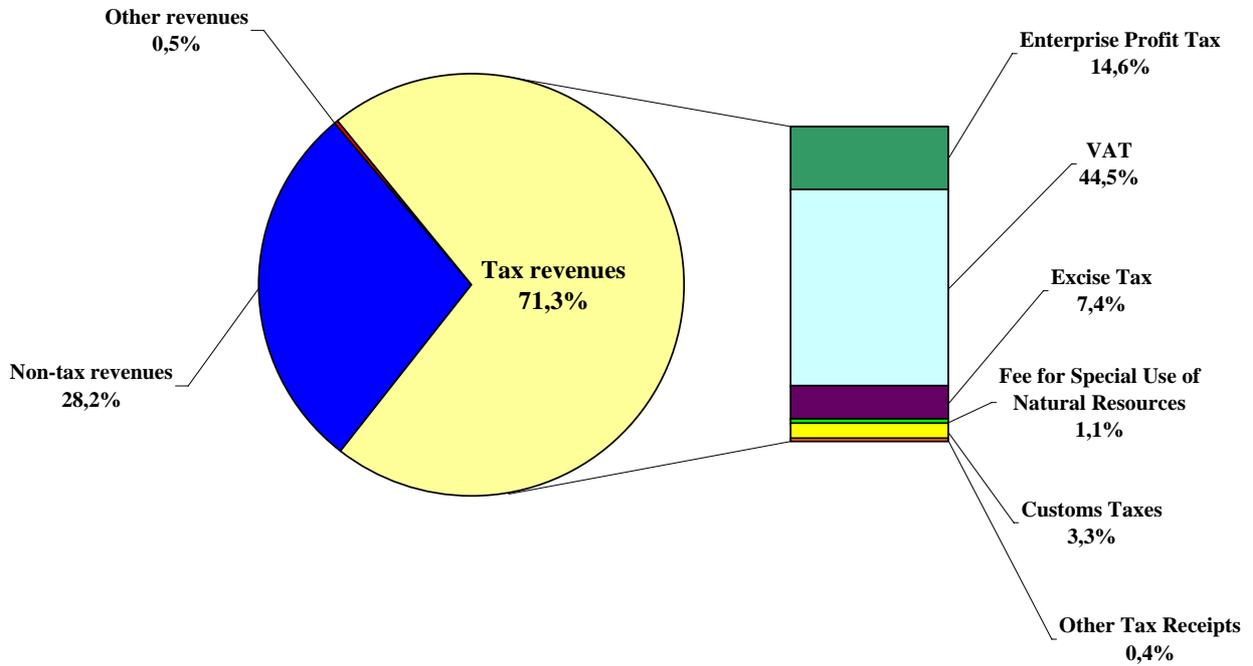
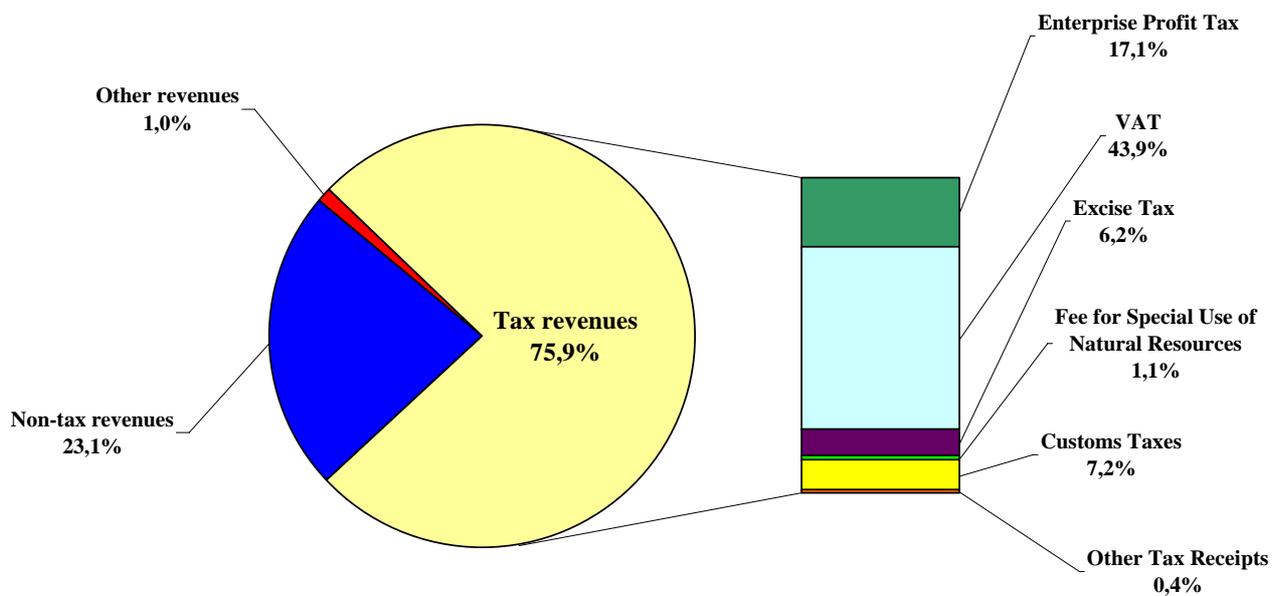


Diagram 2

Structure of State Budget Revenues in March 2008



State Budget Total Revenues Monthly Trends in 2004-2009

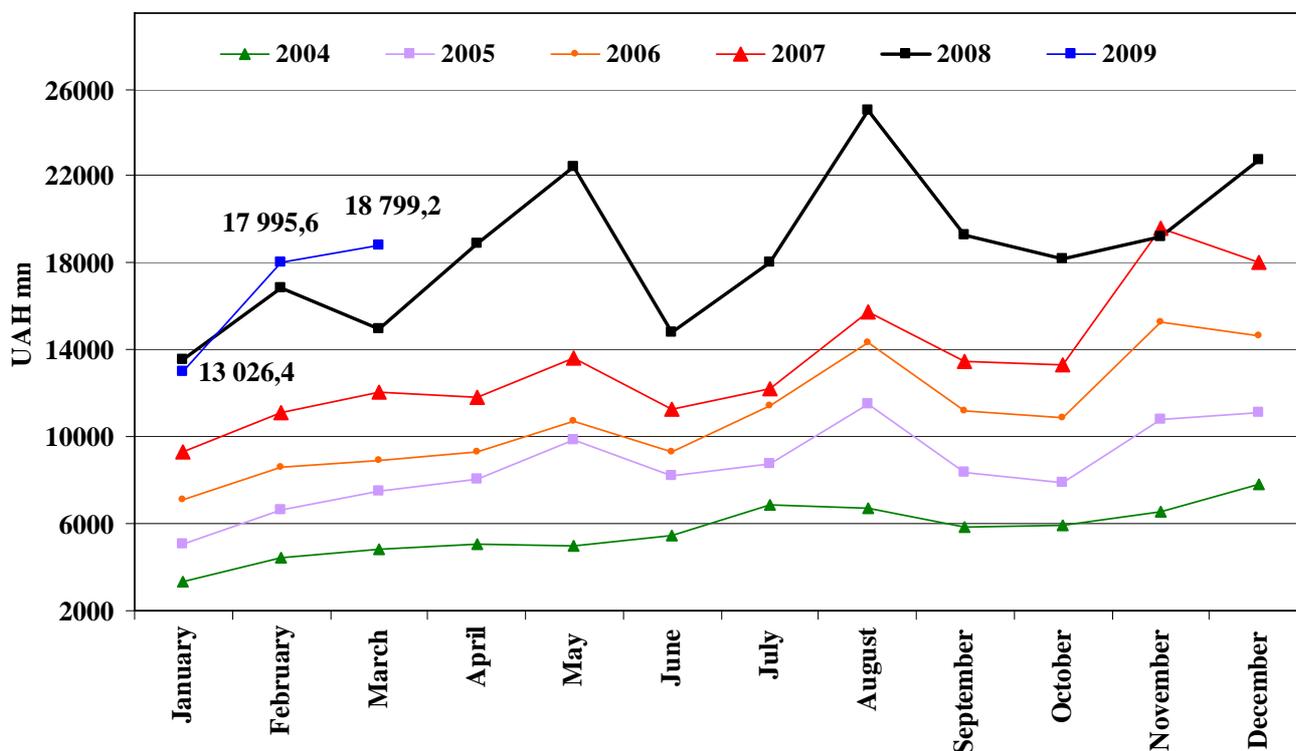
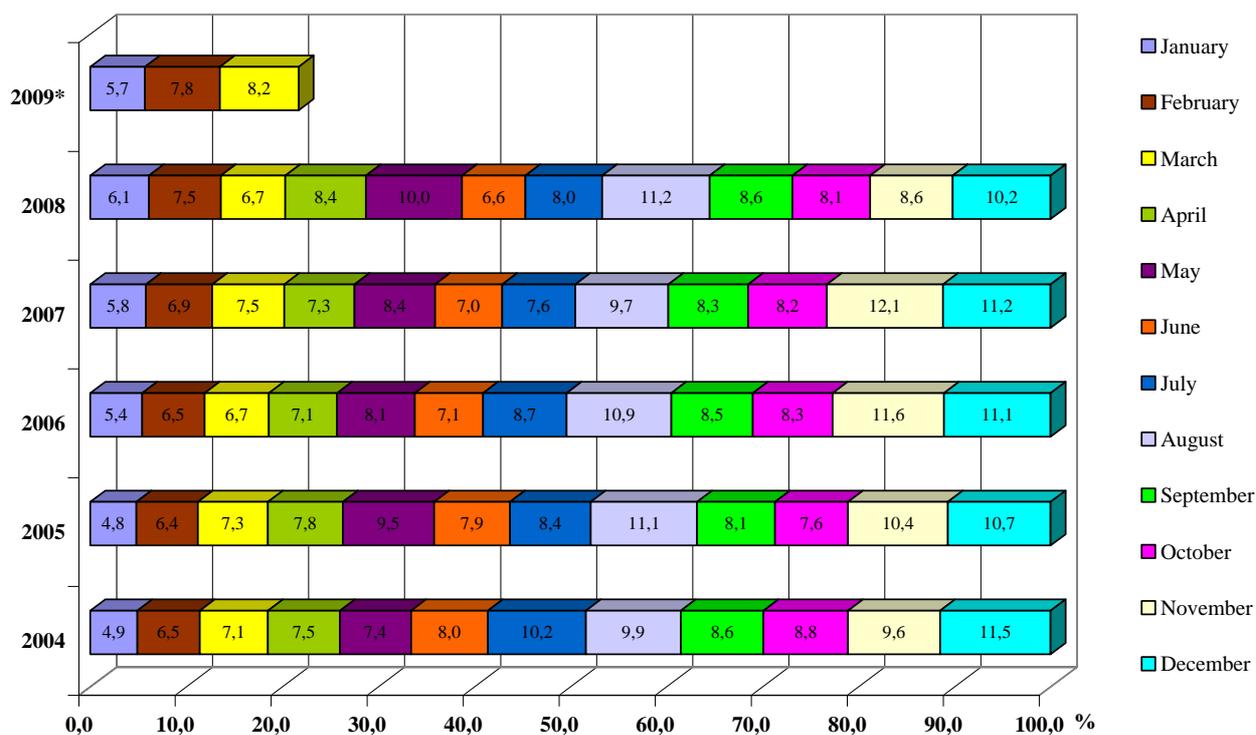


Diagram 3

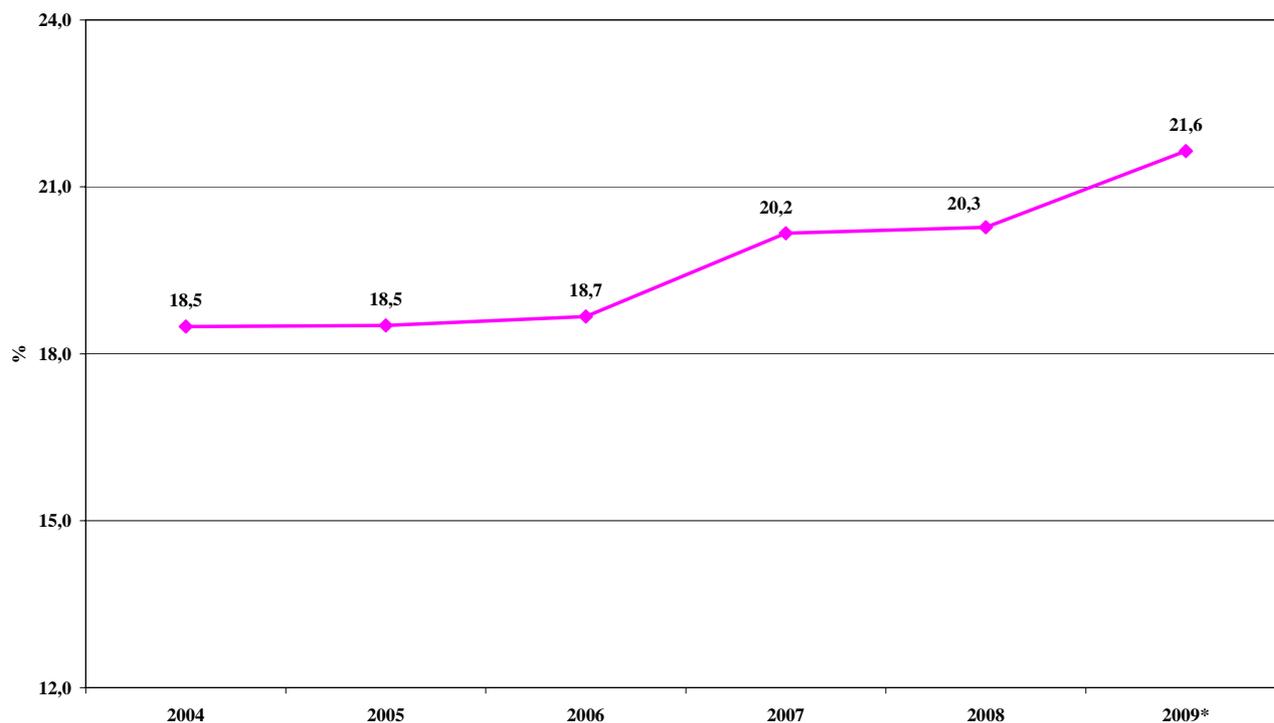
Dynamics of the Share of Ukraine's State Budget Revenues in Annual Amounts in 2004-2009



* A share of total revenues according to the planned annual index

Graph 2

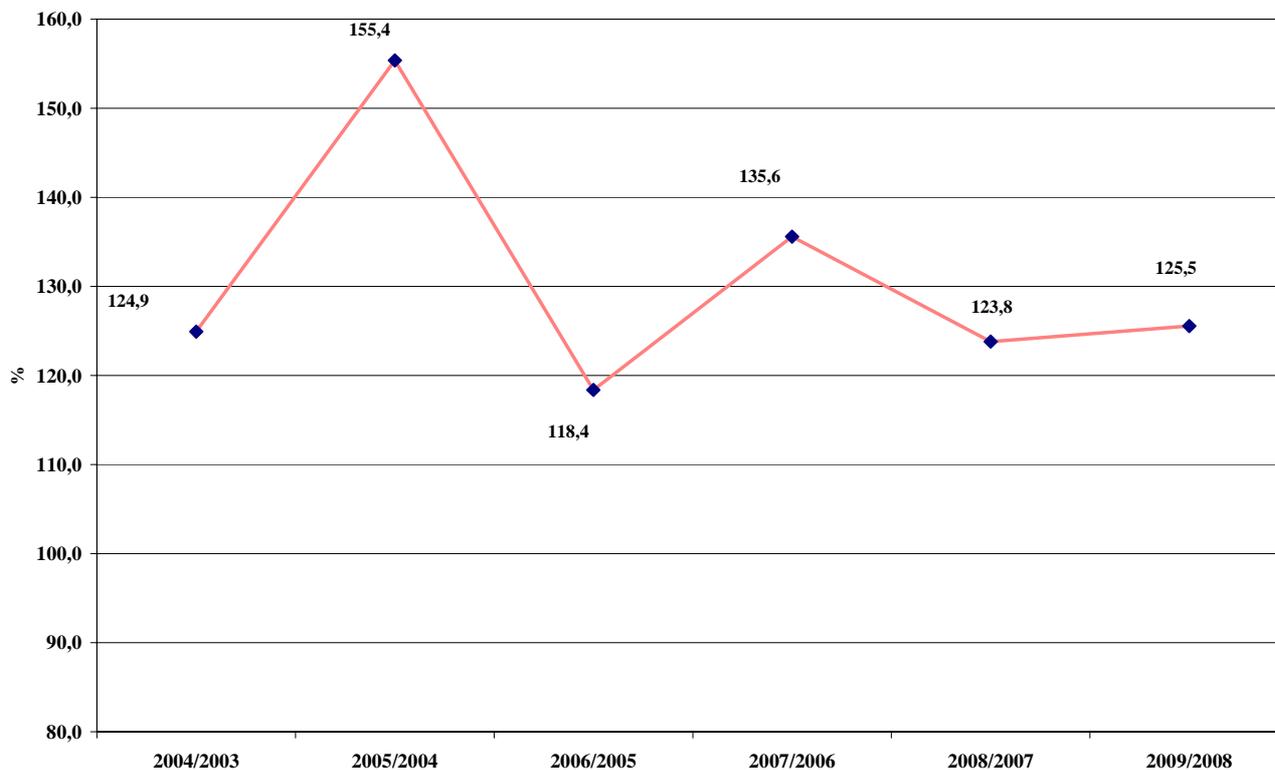
Dynamics of the Share of Ukraine's State Budget Revenues in January-March 2004-2009 in Annual Amounts



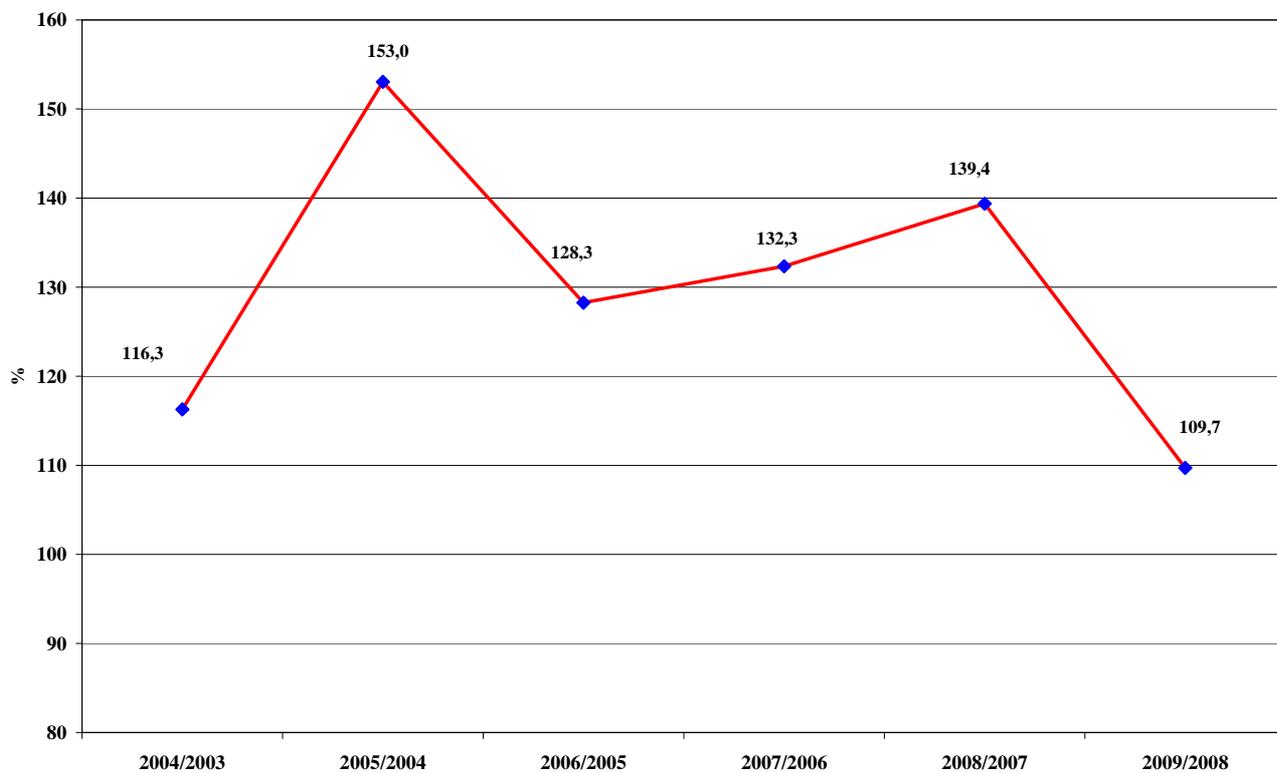
* A share of total revenues according to the planned annual index

Graph 3

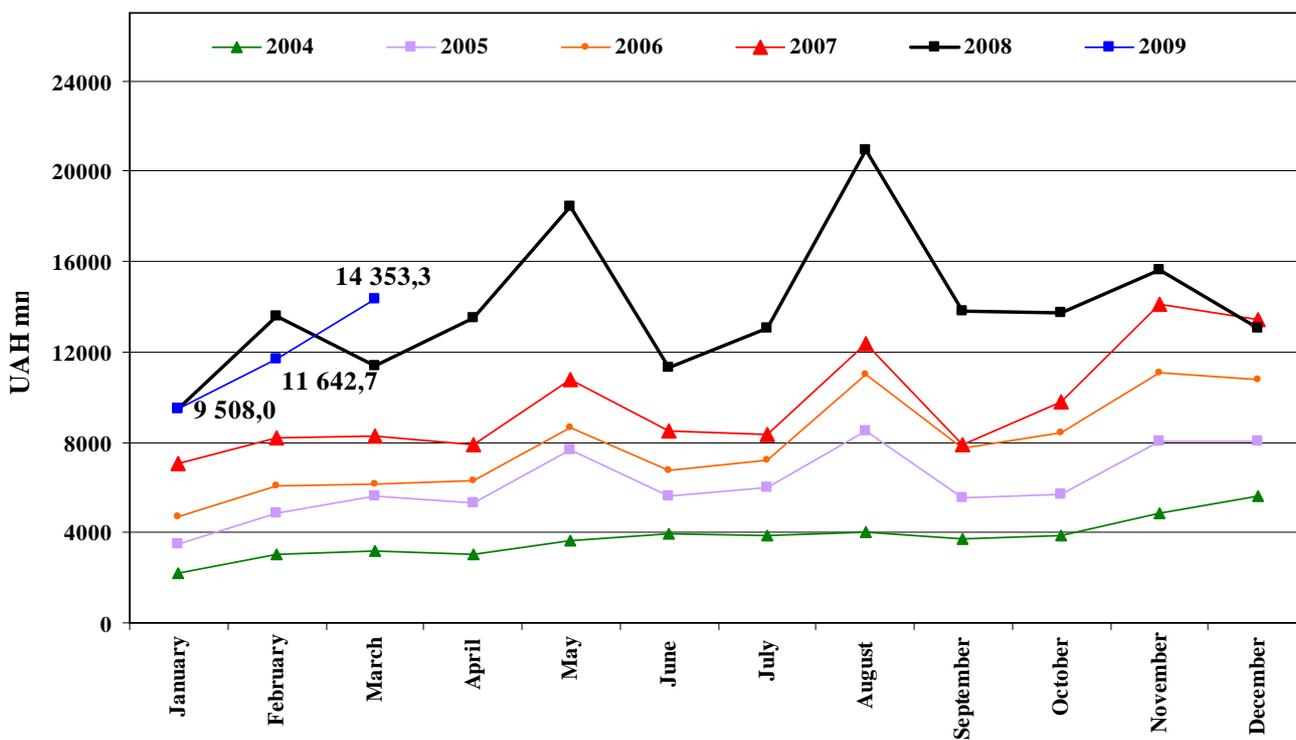
Growth Rates of Ukraine's State Budget Revenues in March 2004-2009



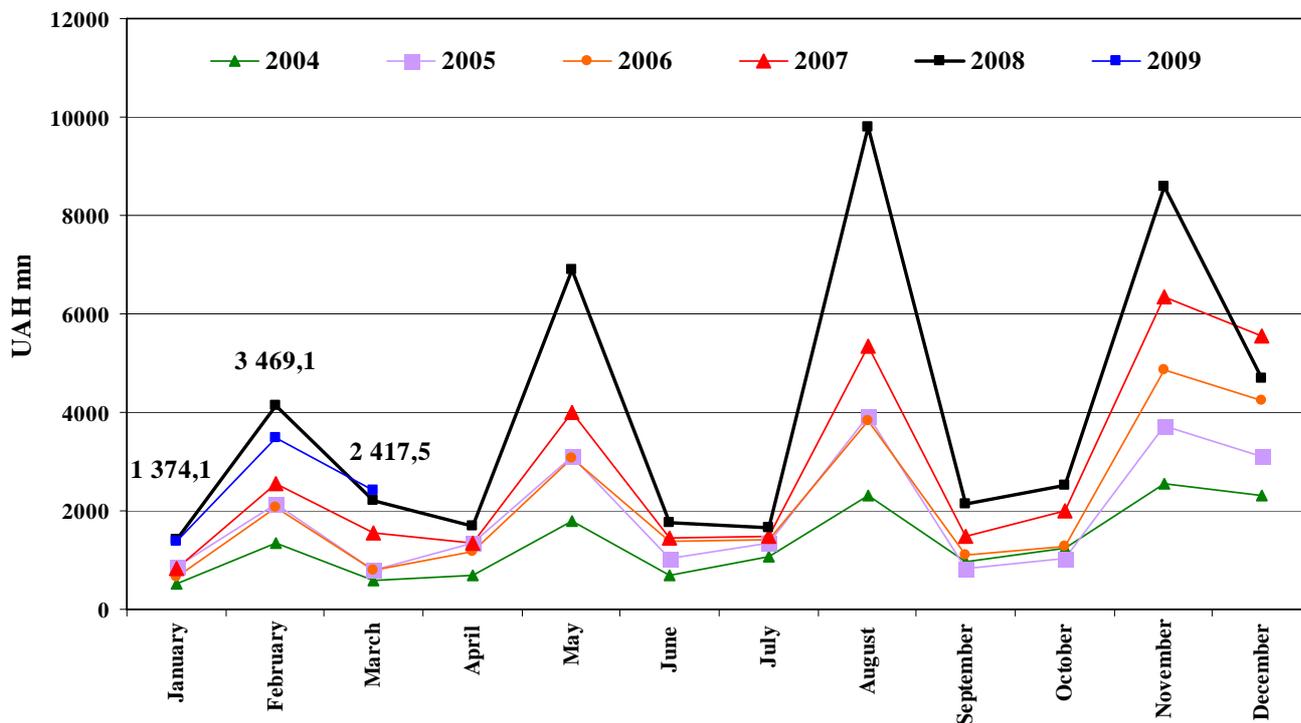
Growth Rates of Ukraine's State Budget Revenues in January-March 2004-2009



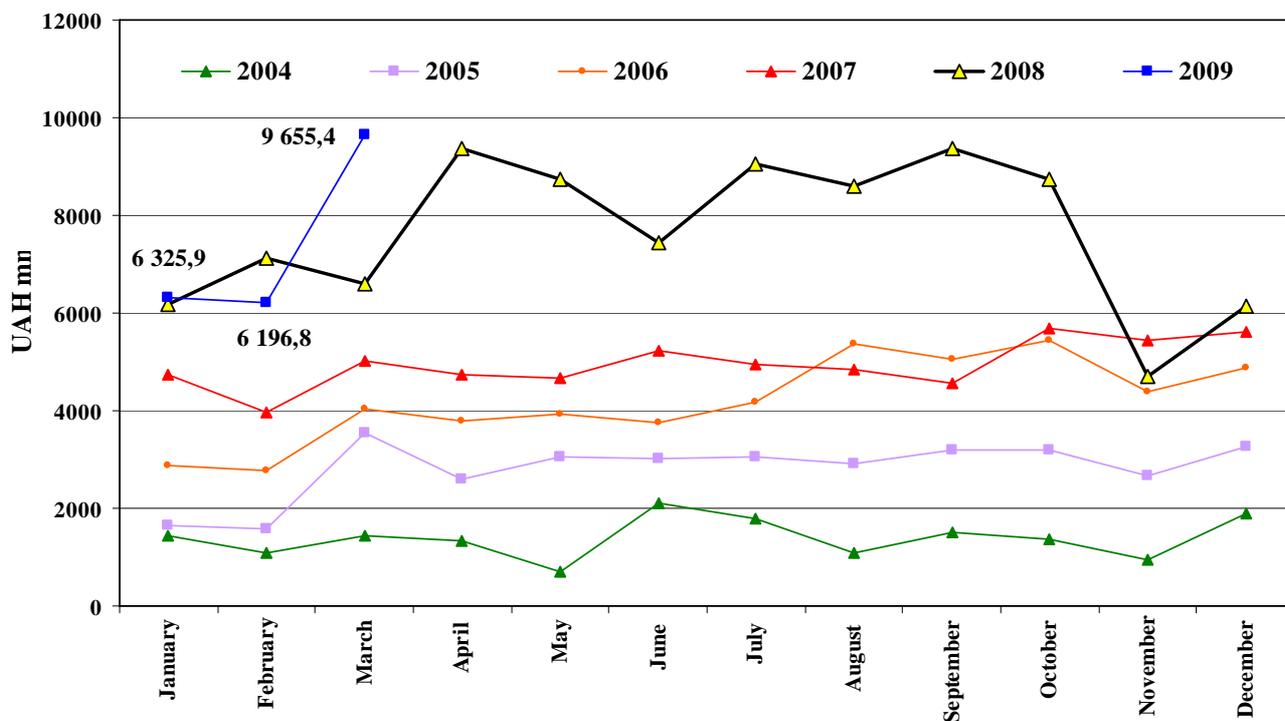
State Budget Tax Revenues Monthly Trends in 2004-2009



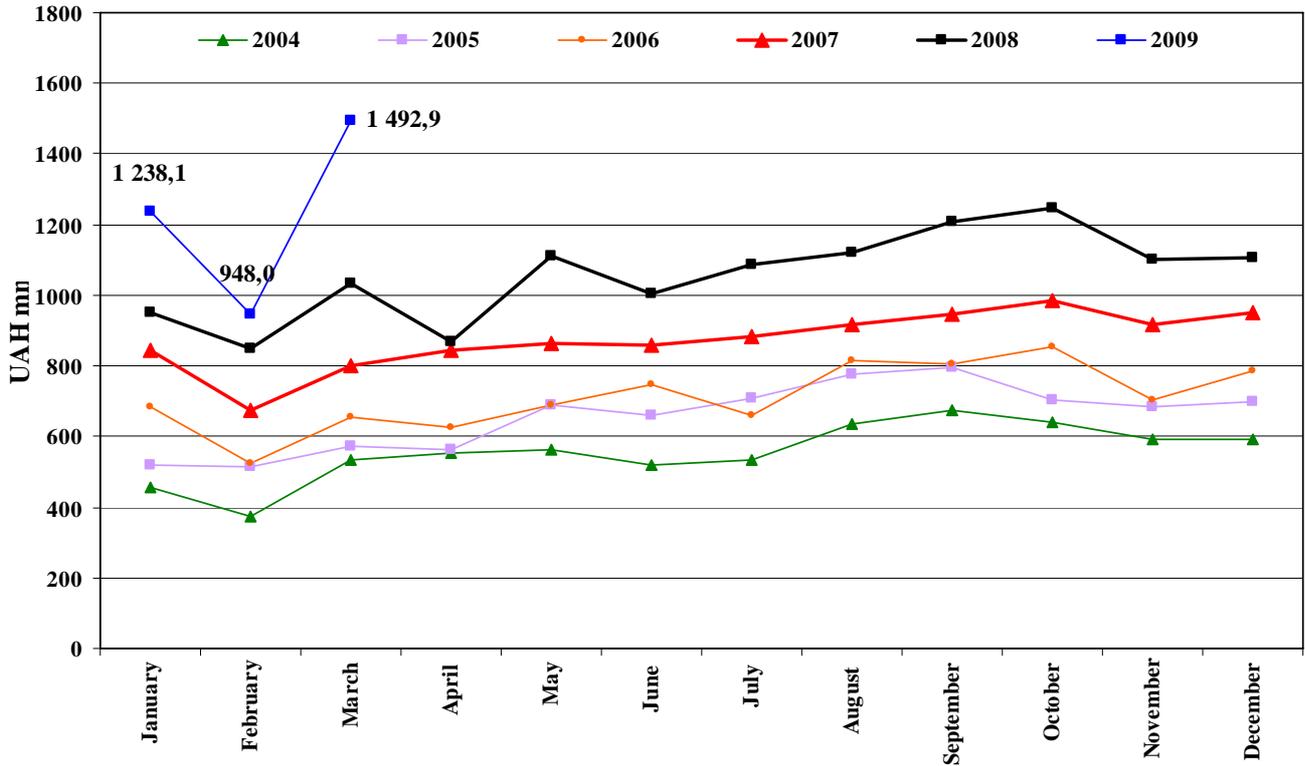
State Budget Enterprise Profit Tax Monthly Trends in 2004-2009



State Budget Value Added Tax Monthly Trends in 2004-2009

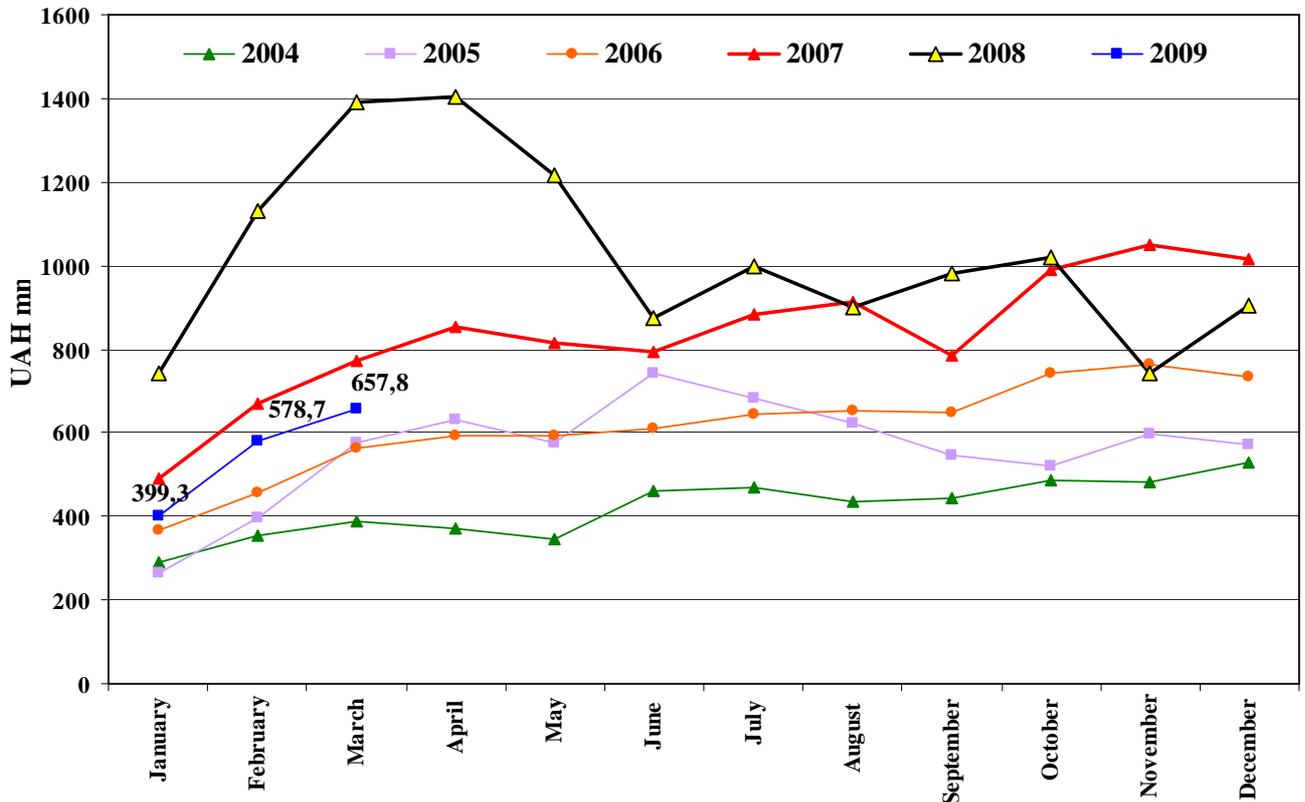


State Budget Excise Tax Monthly Trends in 2004-2009

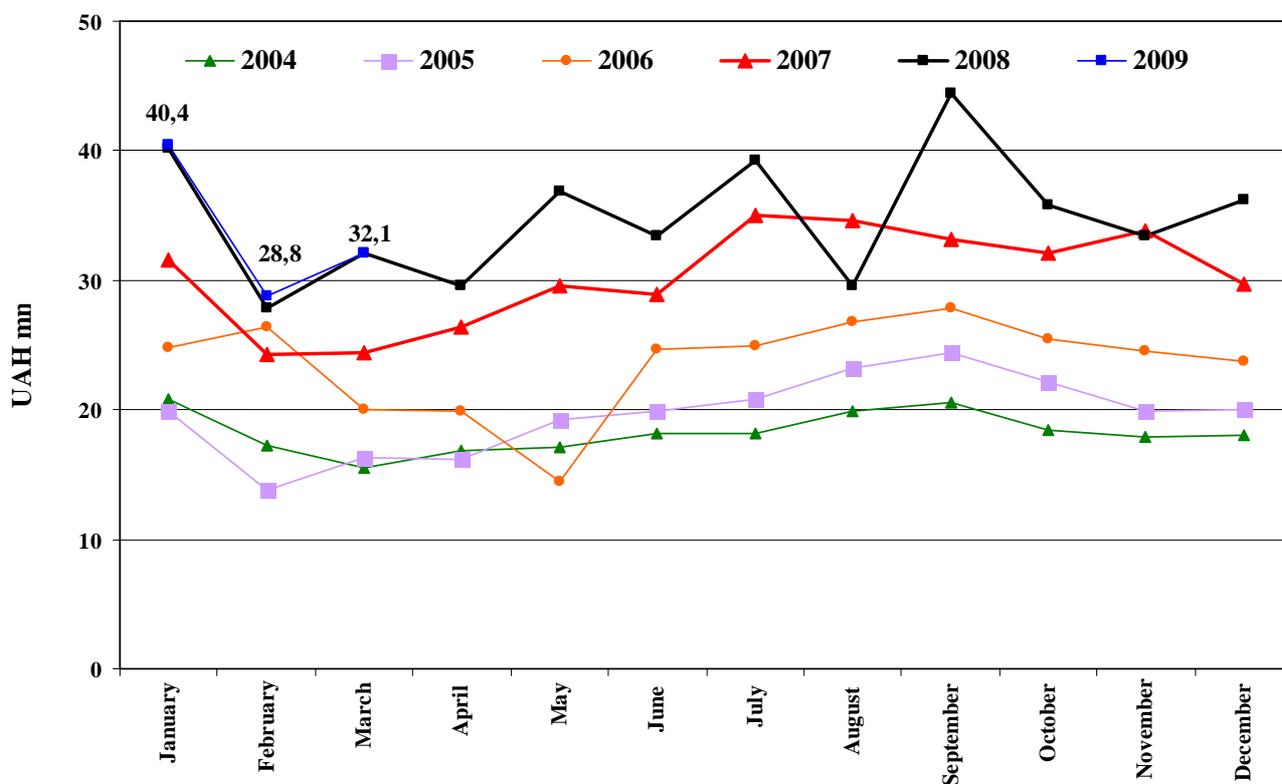


Graph 9

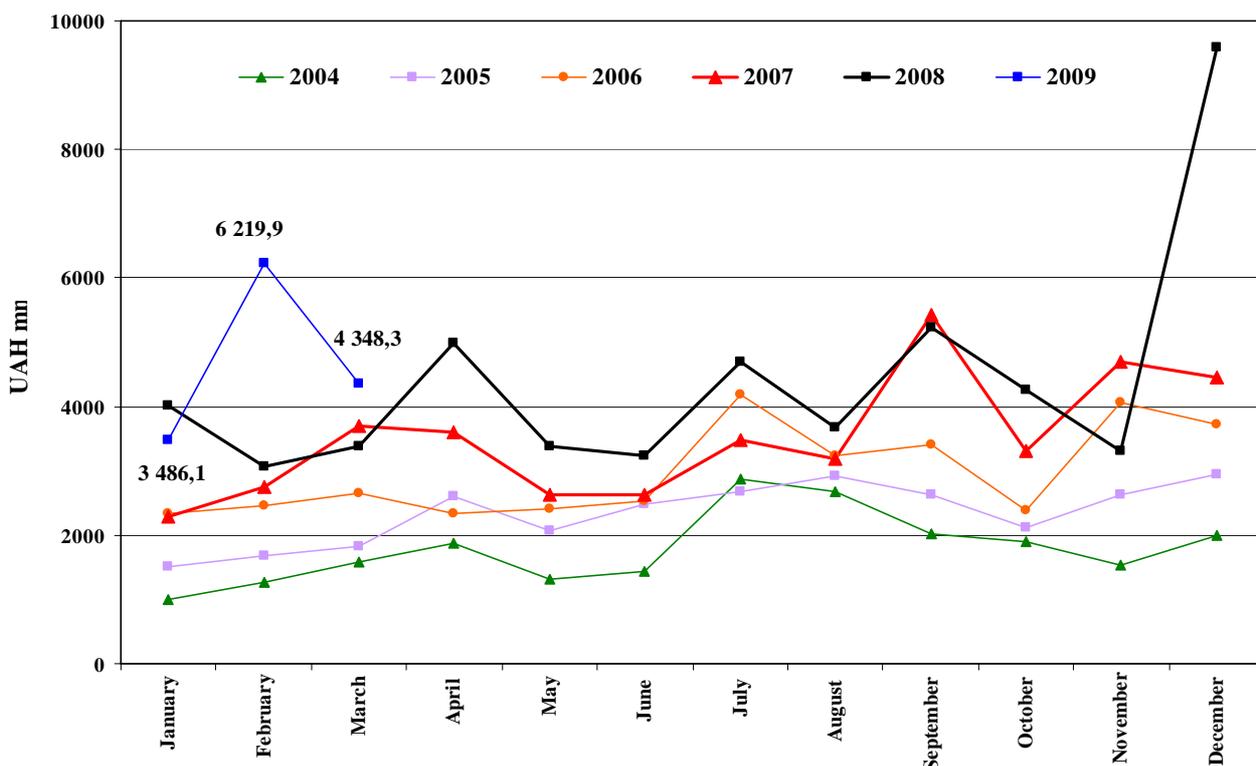
Taxes on Foreign Trade and External Operations Monthly Trends in 2004-2009



State Budget Other Taxes Monthly Trends in 2004-2009



State Budget Non-tax Revenues Monthly Trends in 2004-2009



Local Budget Revenues

Graph 12

Local Budget Revenues Monthly Trends (Less Intergovernmental Transfers) in 2004-2009

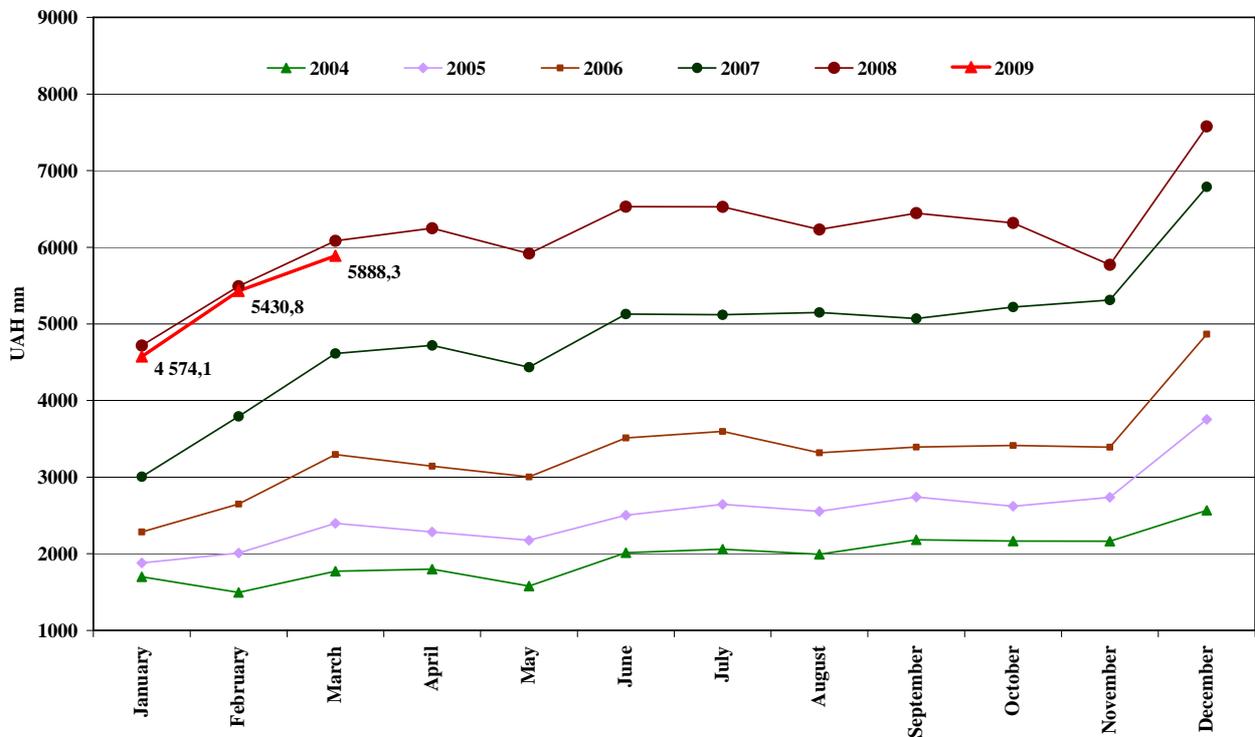
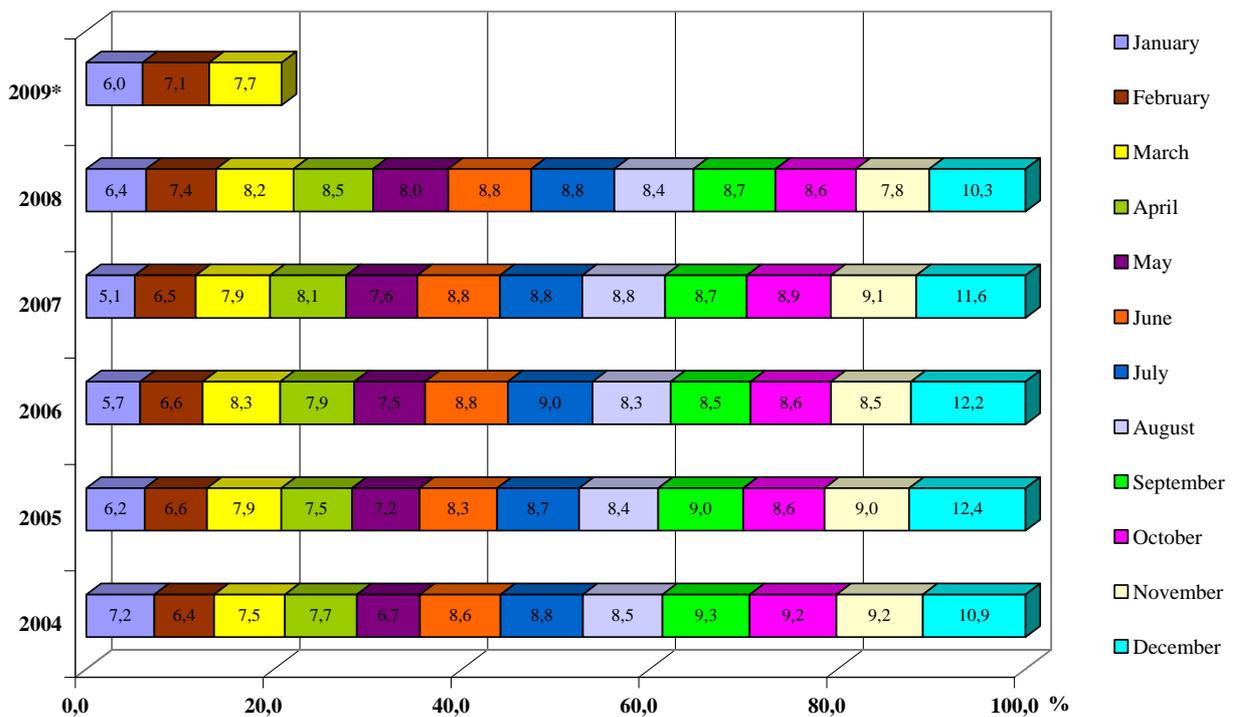


Diagram 4

Dynamics of the Share of Local Budget Revenues in Annual Amounts in 2004-2009



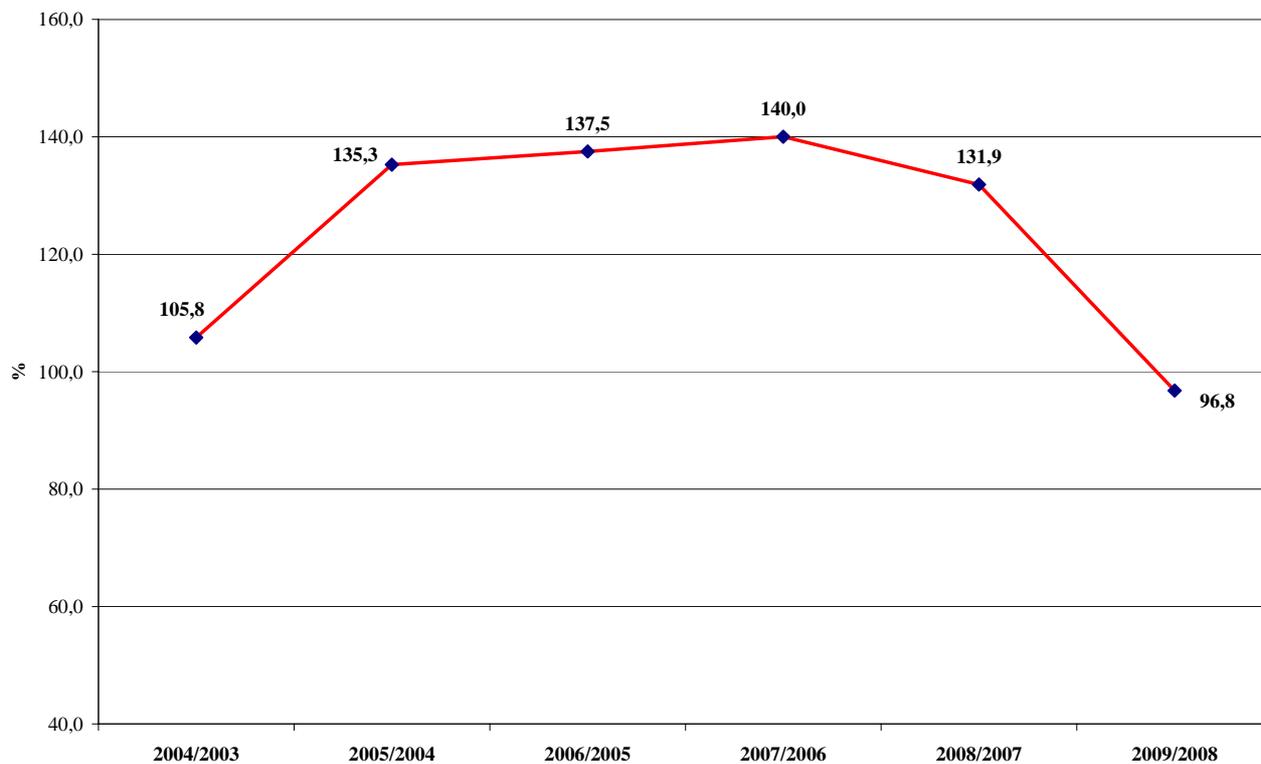
* A share of total revenues according to the planned annual index

Dynamics of the Share of Local Budget Revenues in January-March 2004-2009 in Annual Amounts



* A share of total revenues according to the planned annual index

Growth Rates of Local Budget Revenues in March 2004-2009



Growth Rates of Local Budget Revenues in January-March 2004-2009

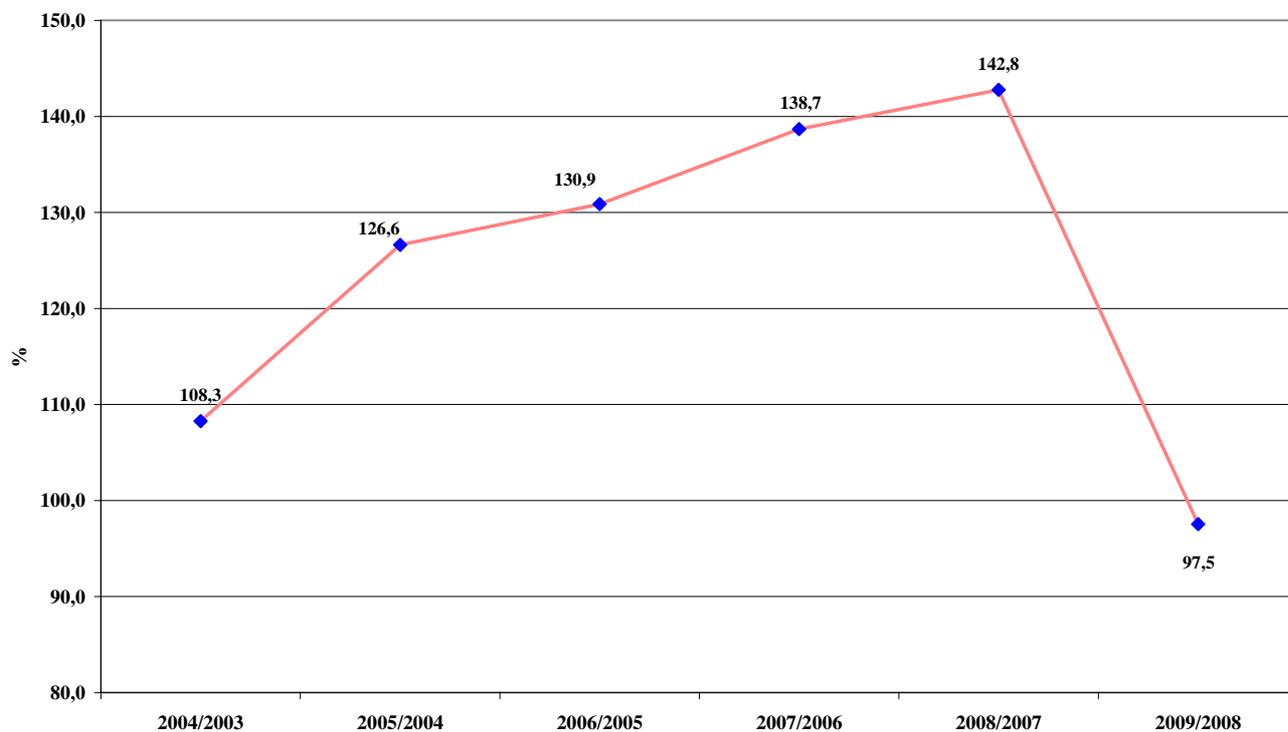
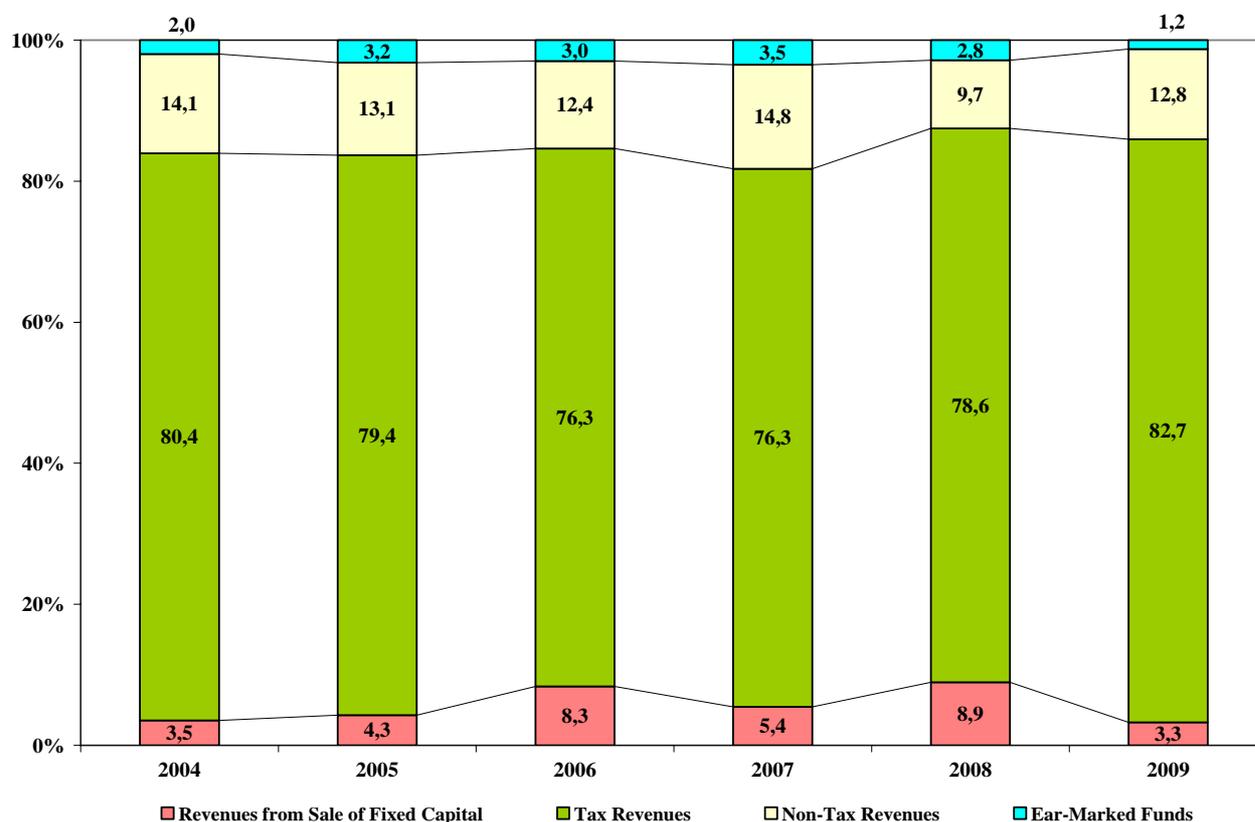
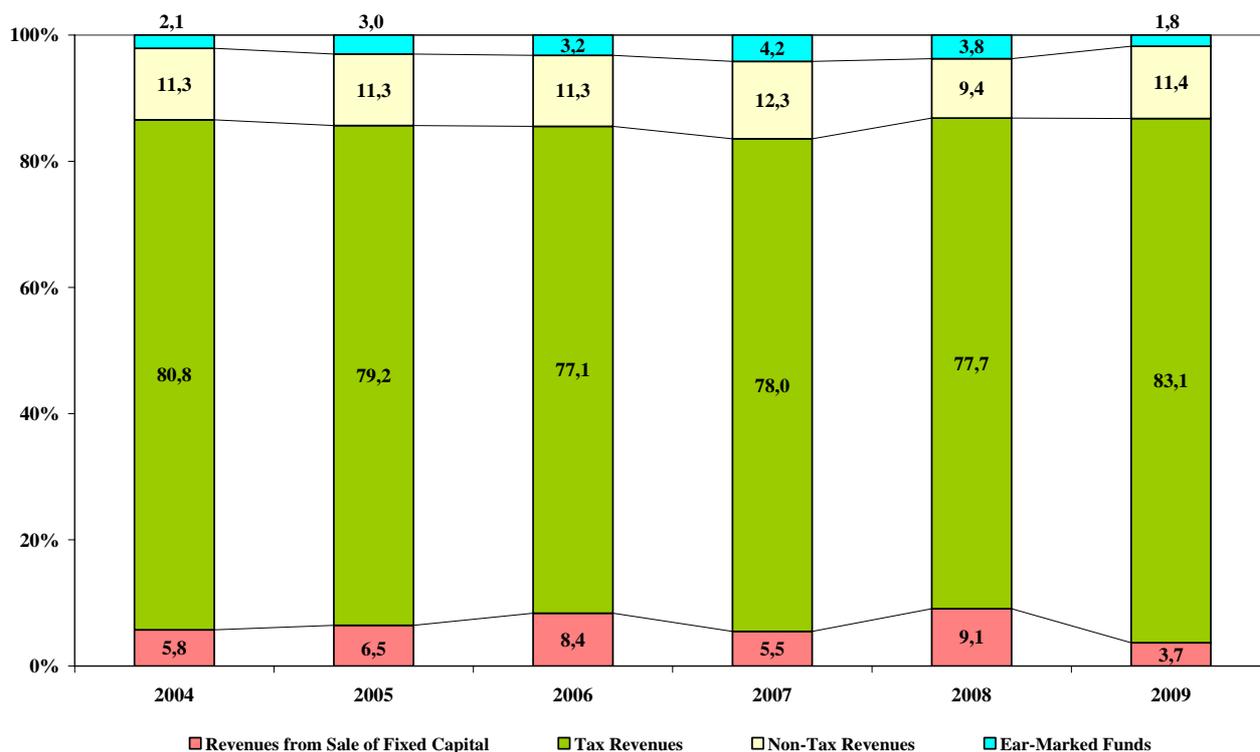


Diagram 5

Structure of Actual Local Budget Revenues in March 2004-2009



Structure of Actual Local Budget Revenues in January-March 2004-2009



Local Budget Tax Revenues Monthly Trends in 2004-2009

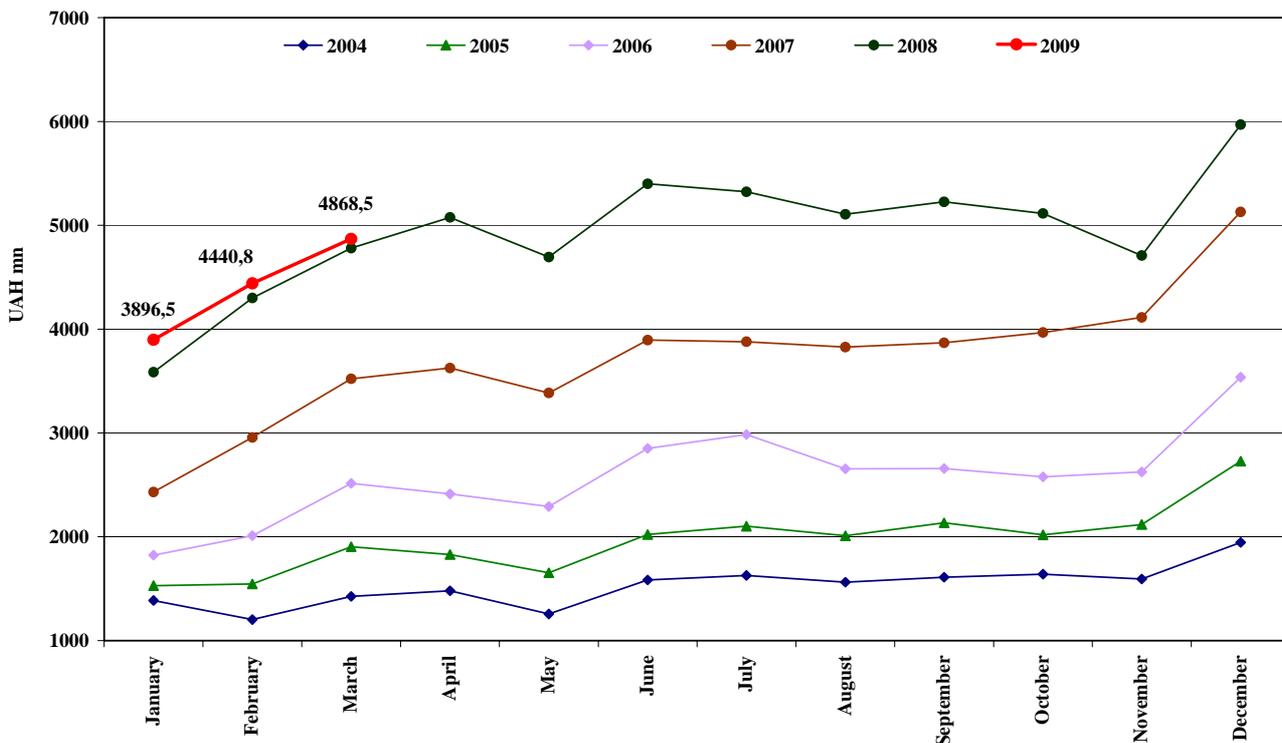


Diagram 7

Structure of Actual Local Budget Tax Revenues in March 2004-2009

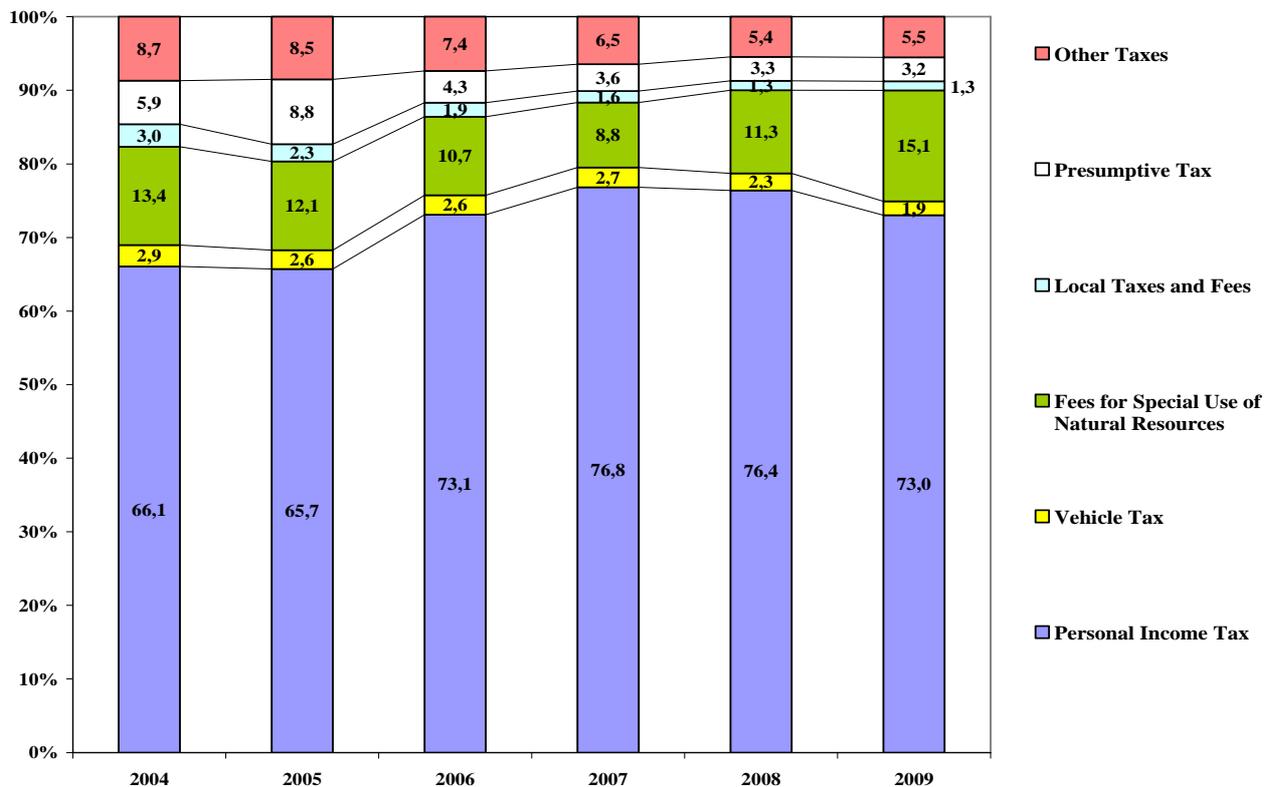
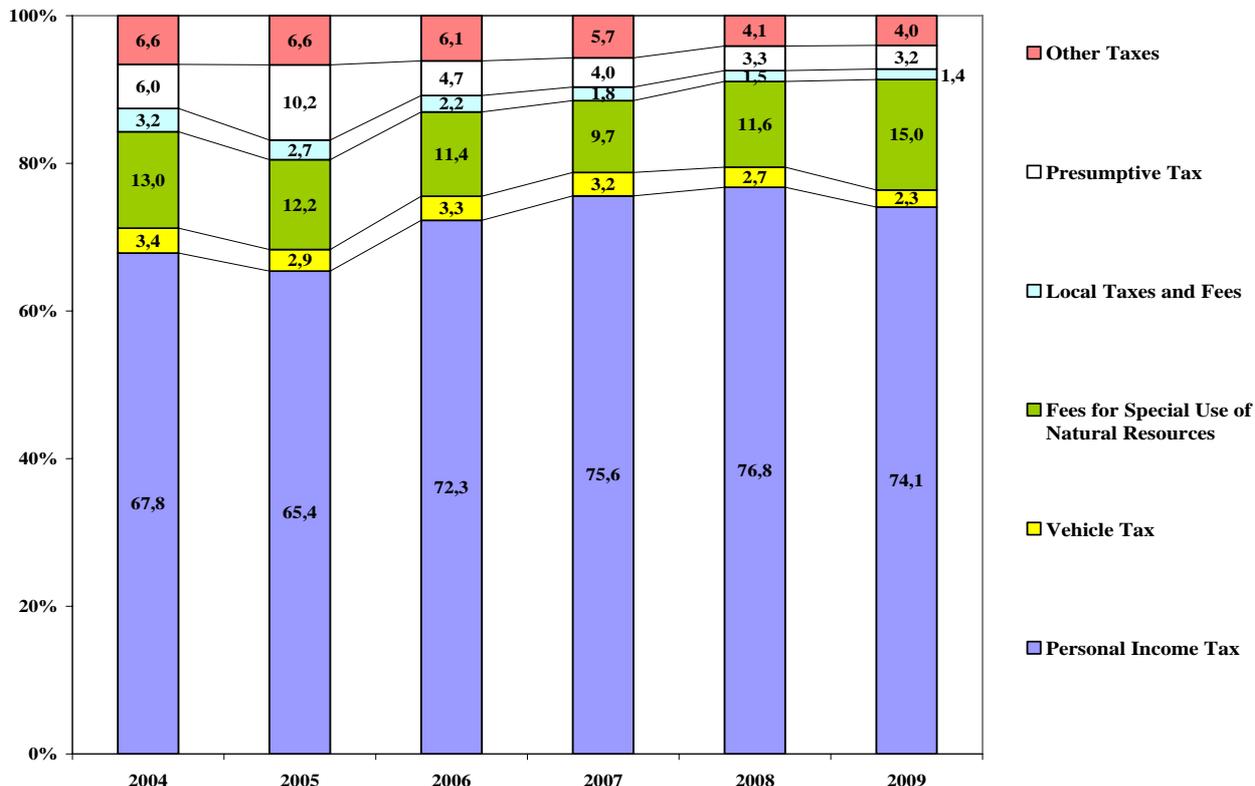


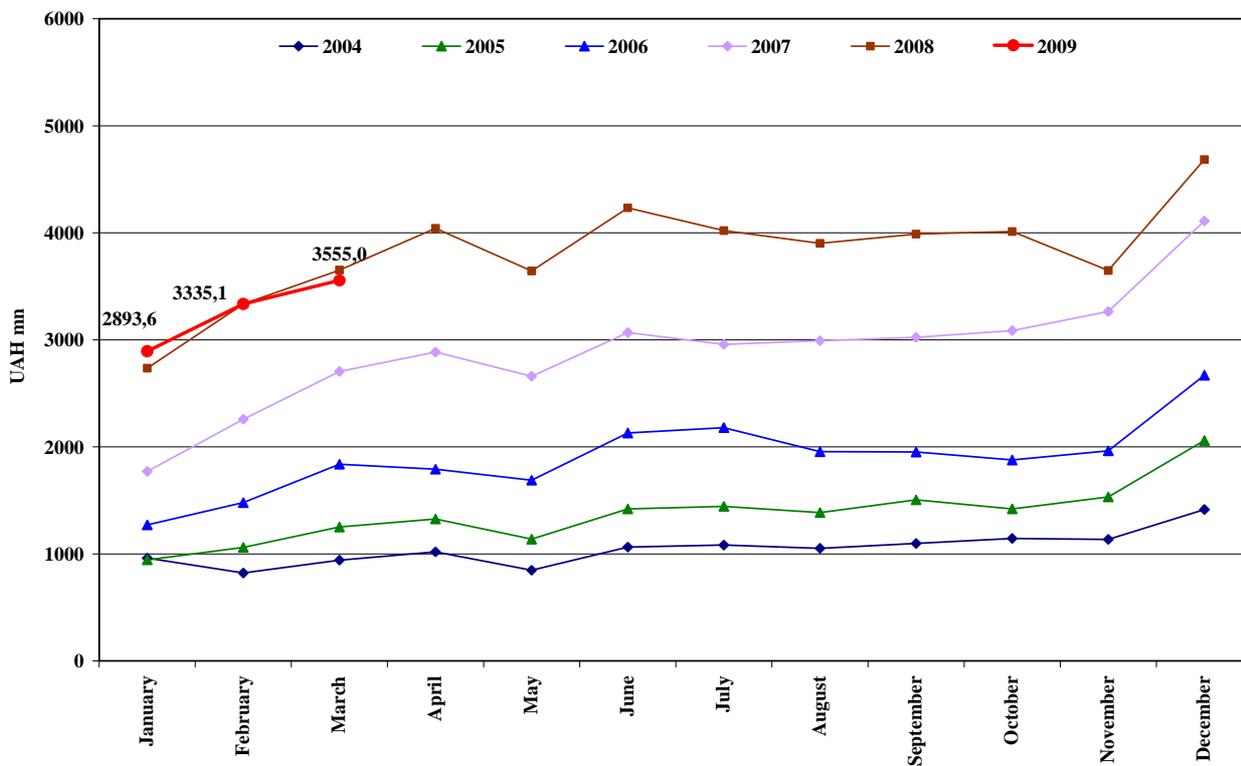
Diagram 8

Structure of Actual Local Budget Tax Revenues in January-March 2004-2009



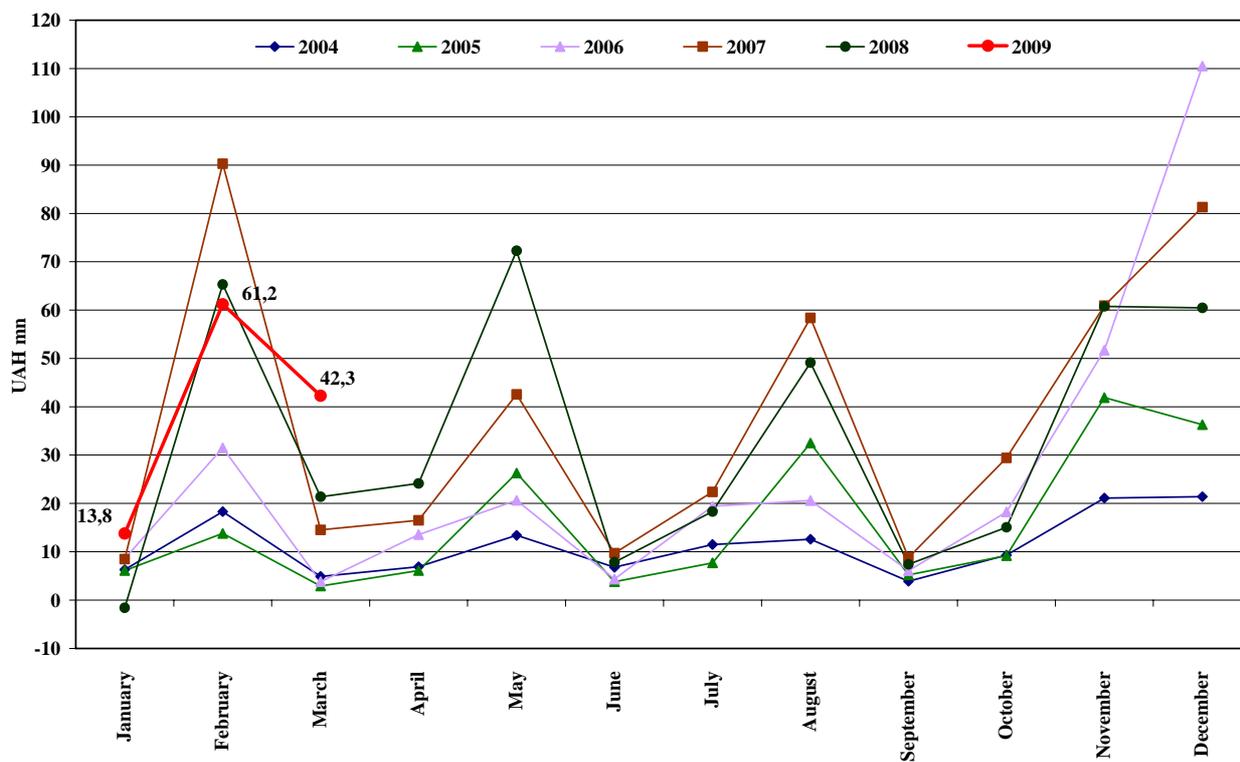
Graph 17

Local Budgets Personal Income Tax Monthly Trends in 2004-2009

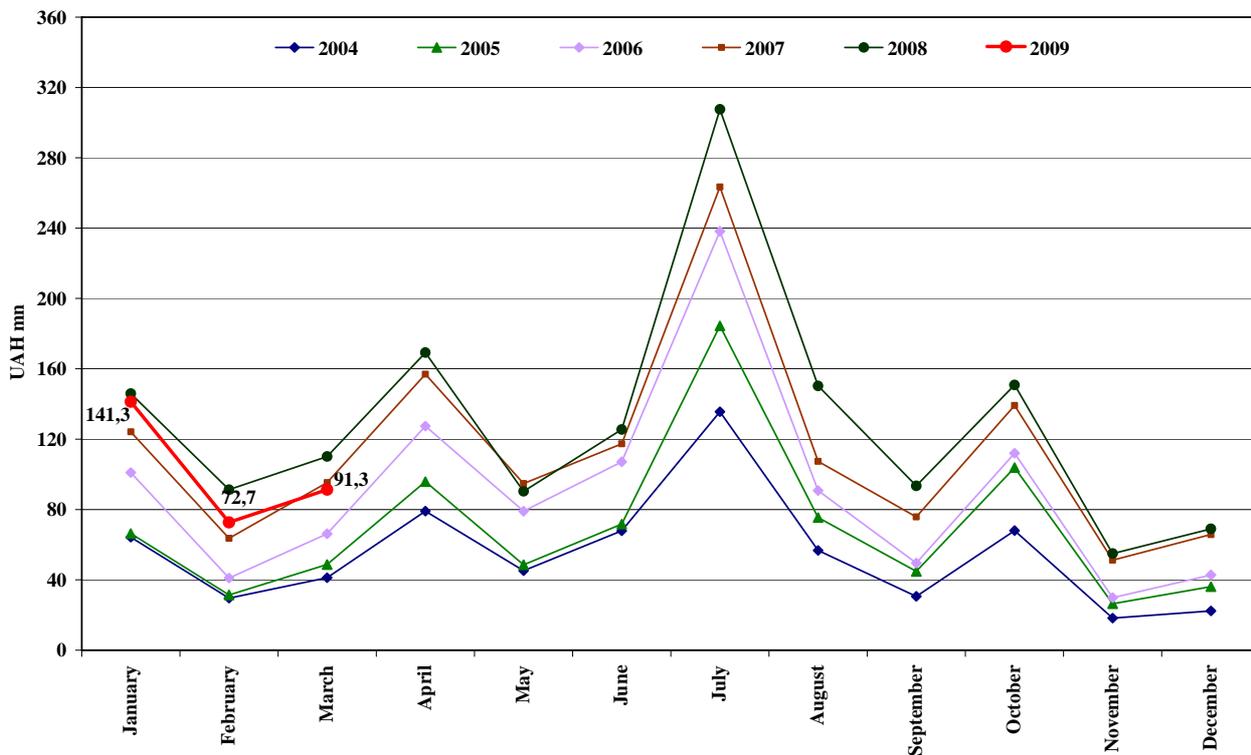


Graph 18

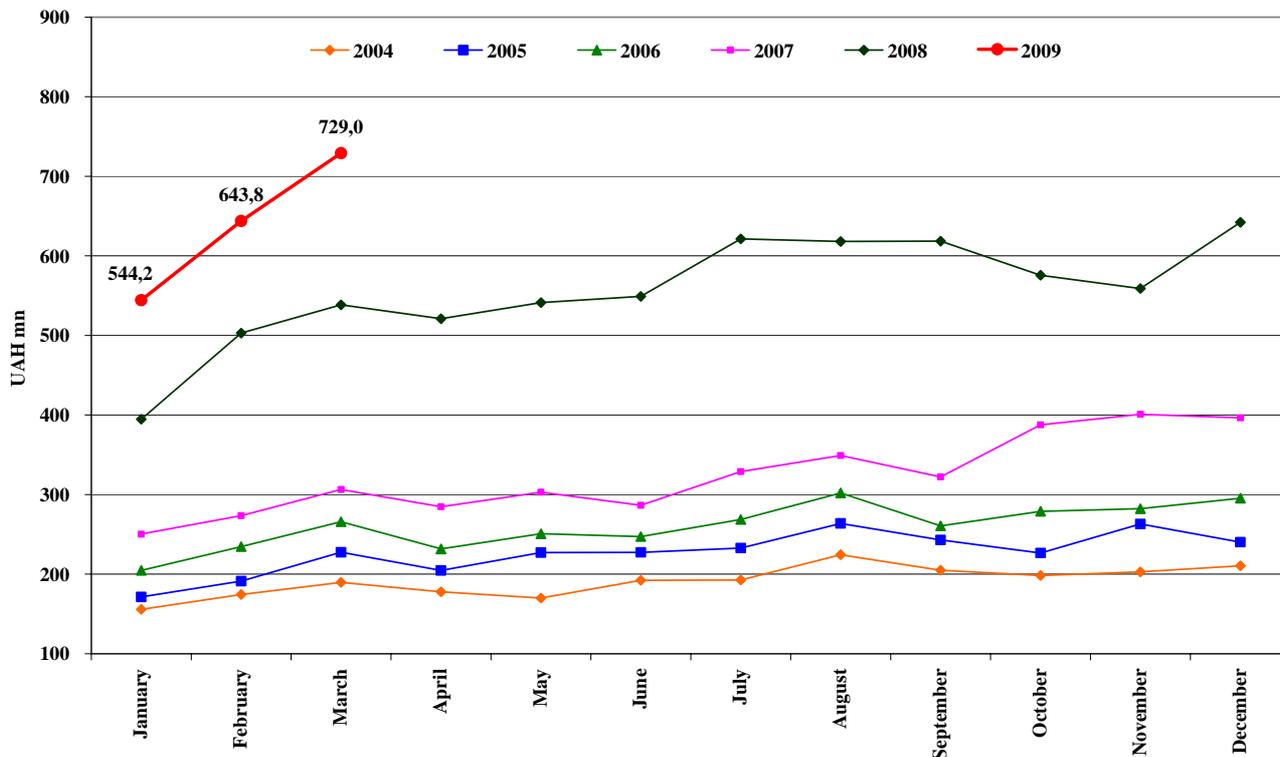
Tax on Profit of Municipal Enterprises Monthly Trends in 2004-2009



Vehicle Tax Monthly Trends in 2004-2009

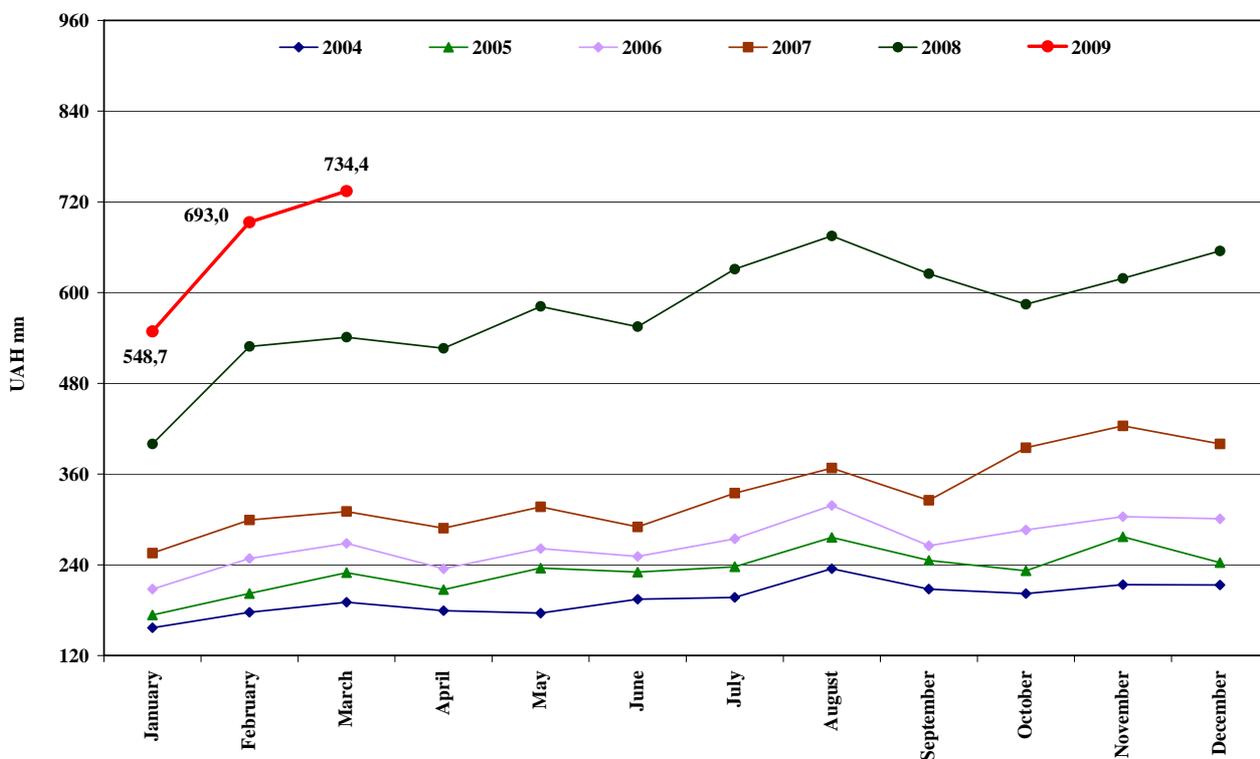


Land Tax Monthly Trends in 2004-2009



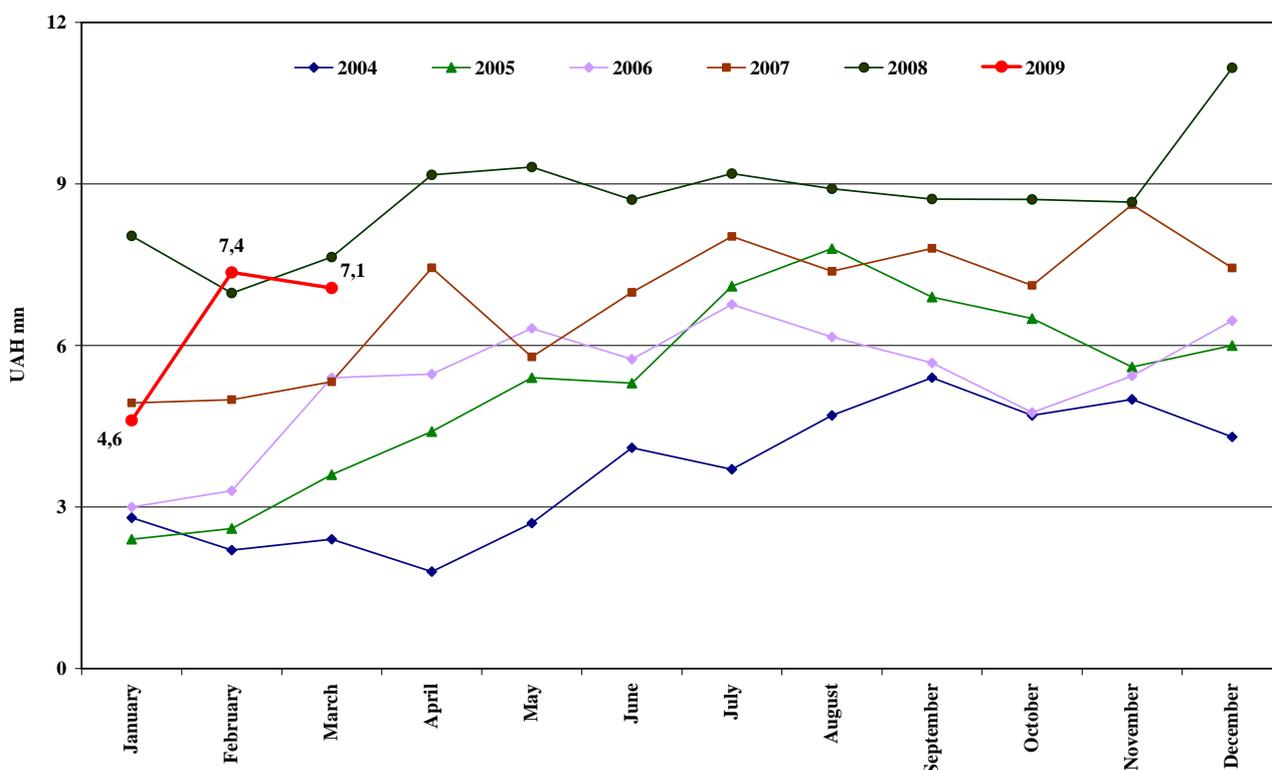
Graph 21

Fees for Special Use of Natural Resources Monthly Trends in 2004-2009

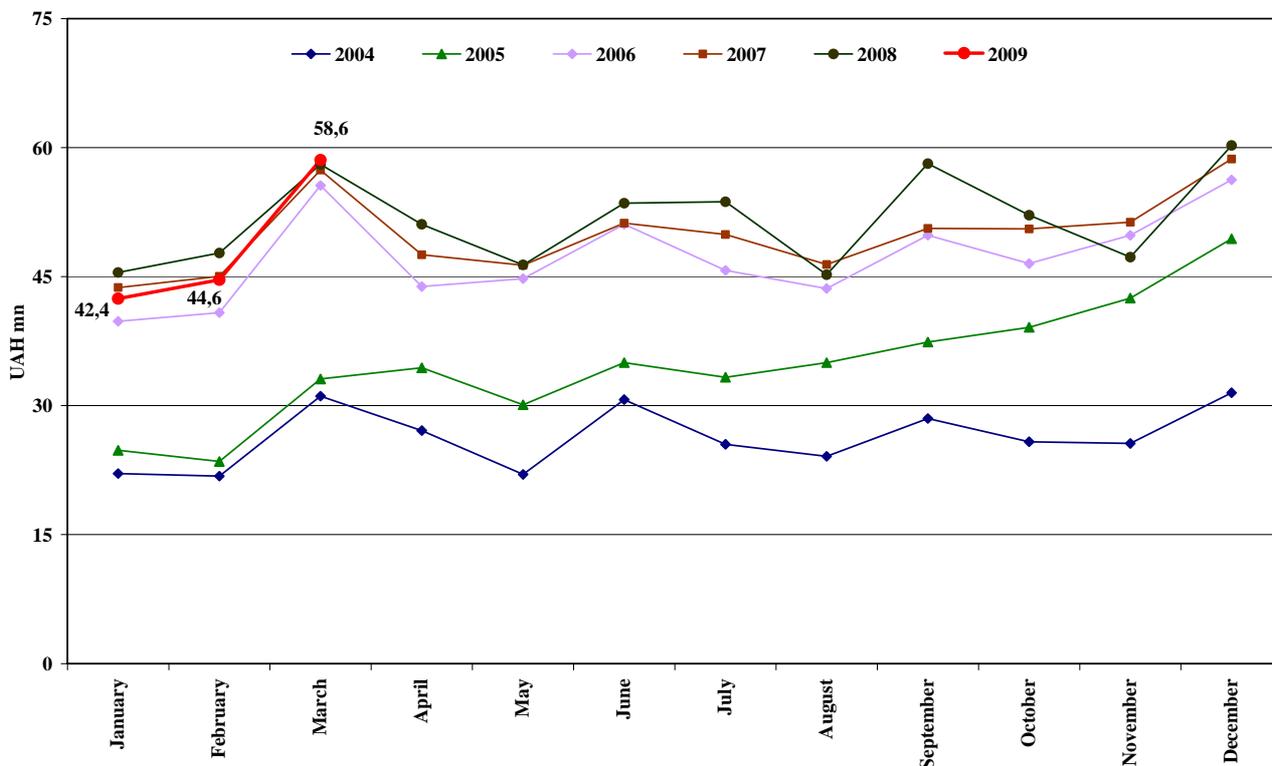


Graph 22

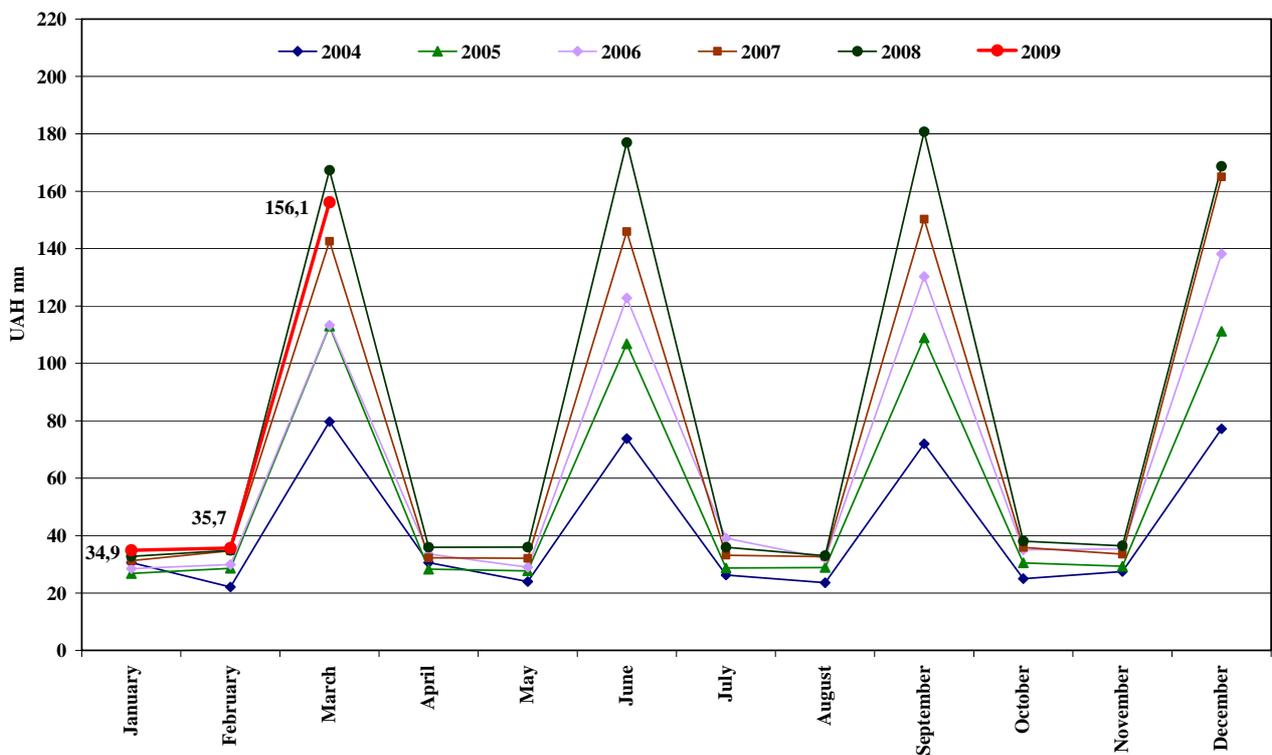
Local Budget Excise Tax Monthly Trends in 2004-2009



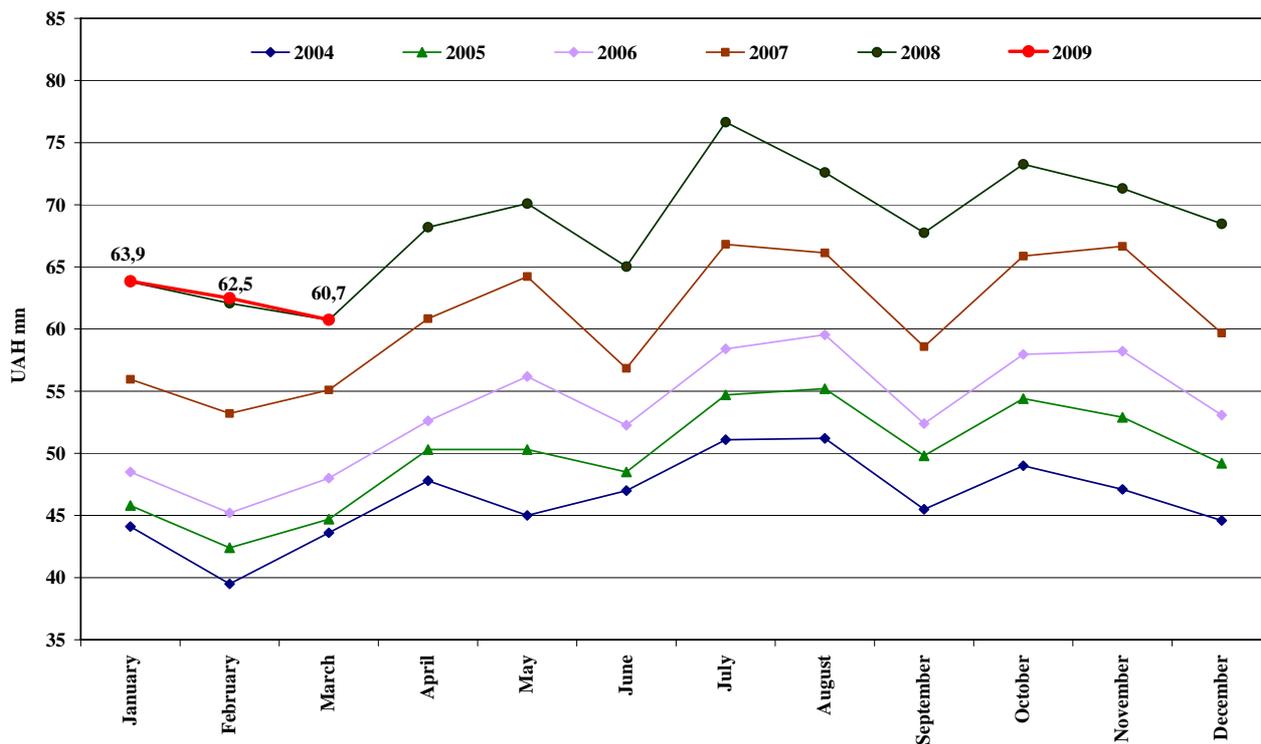
License Fee for Certain Types of Economic Activities Monthly Trends in 2004-2009



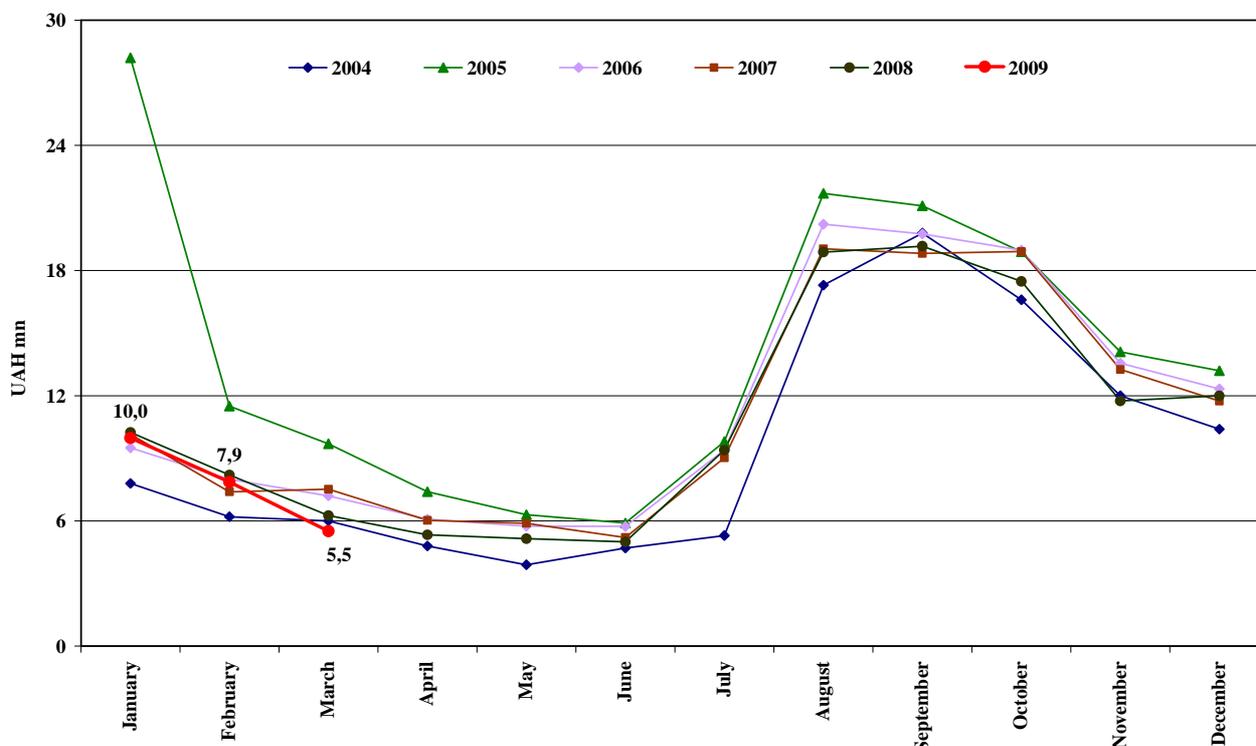
Trade License Fee for Certain Types of Entrepreneurial Activities Monthly Trends in 2004-2009



Local Taxes Monthly Trends in 2004-2009

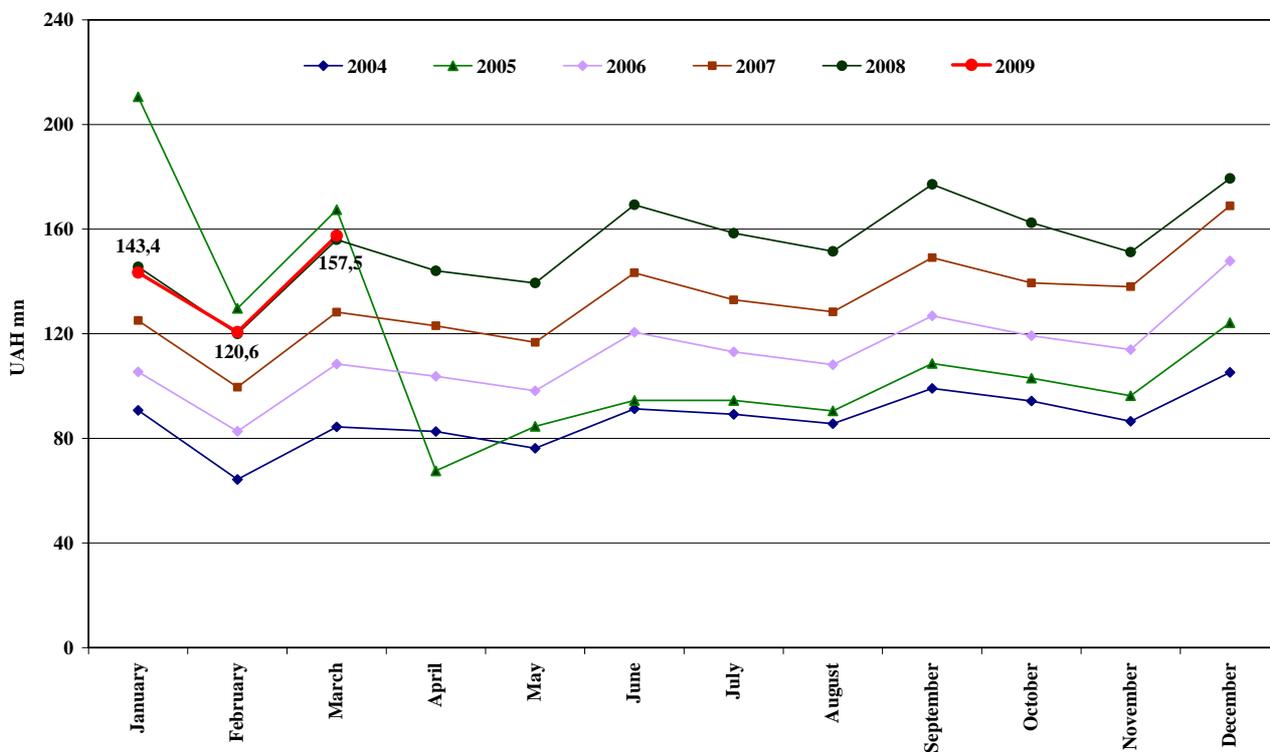


Fixed Agricultural Tax Monthly Trends in 2004-2009



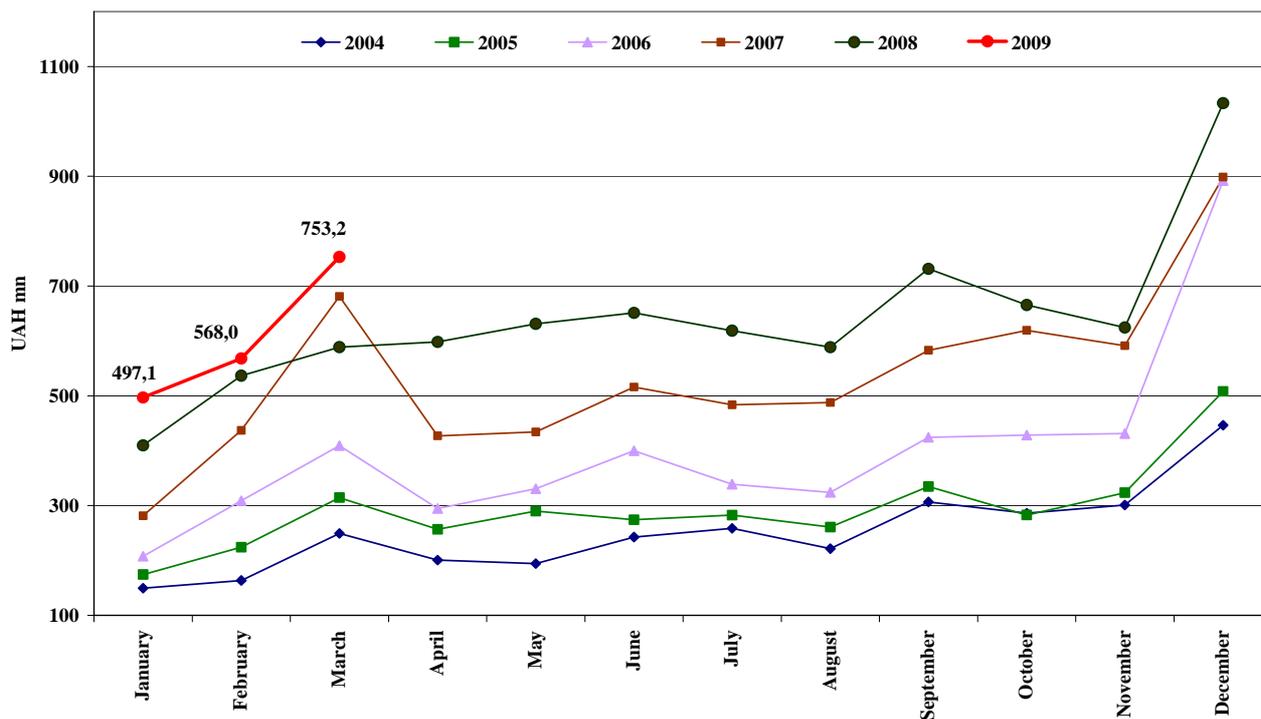
Graph 27

Presumptive Tax Monthly Trends in 2004-2009

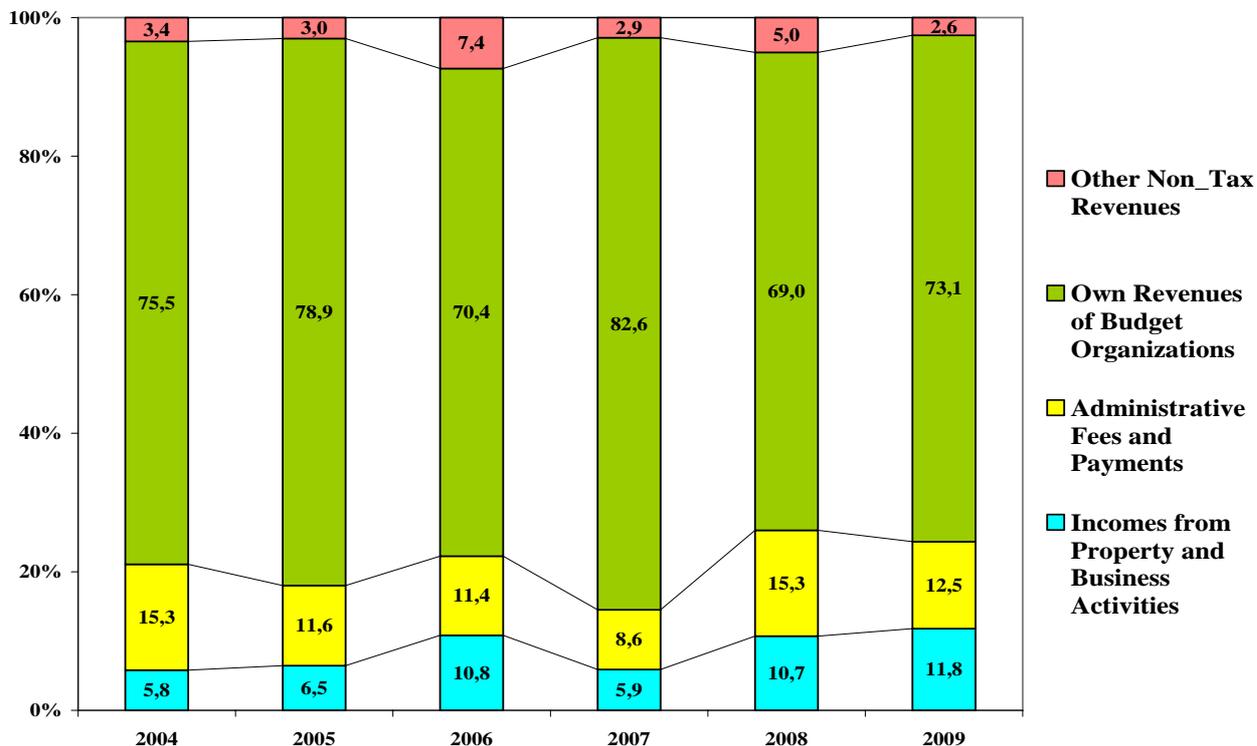


Graph 28

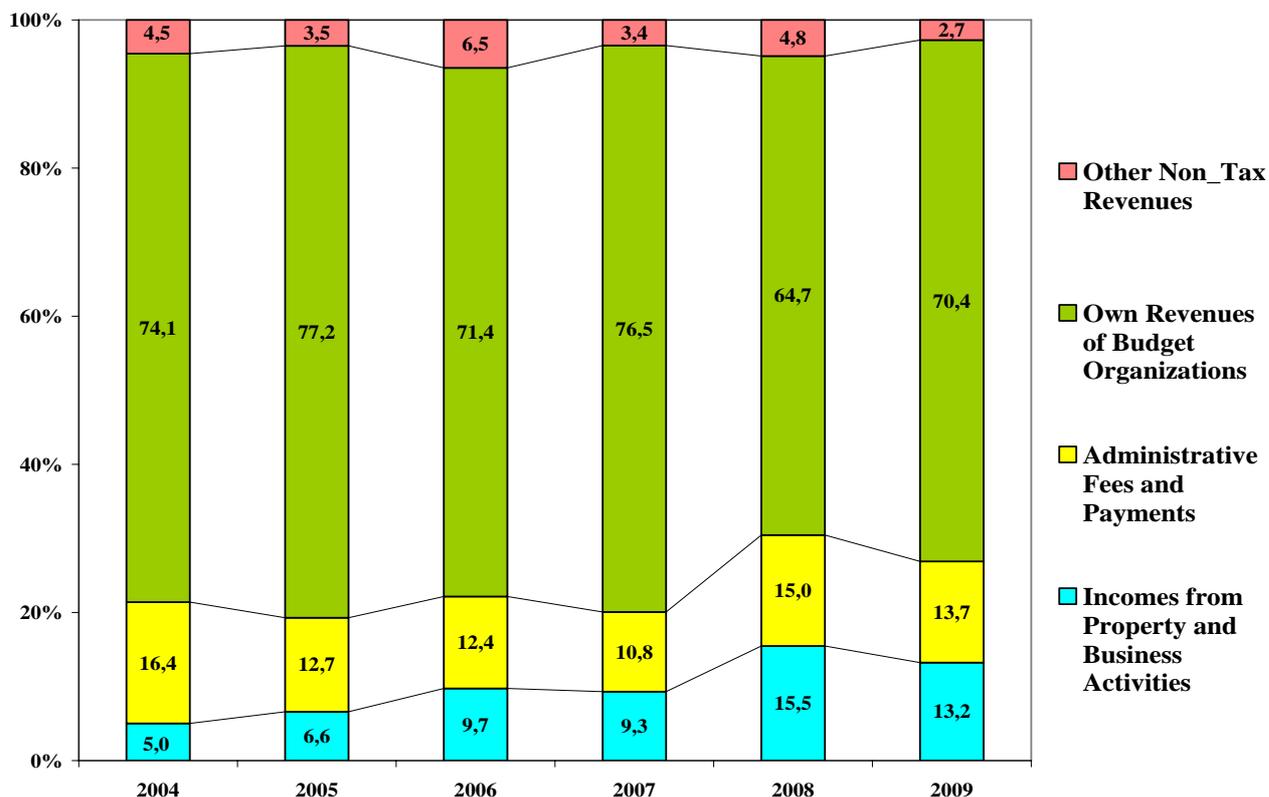
Local Budget Non-tax Revenues Monthly Trends in 2004-2009



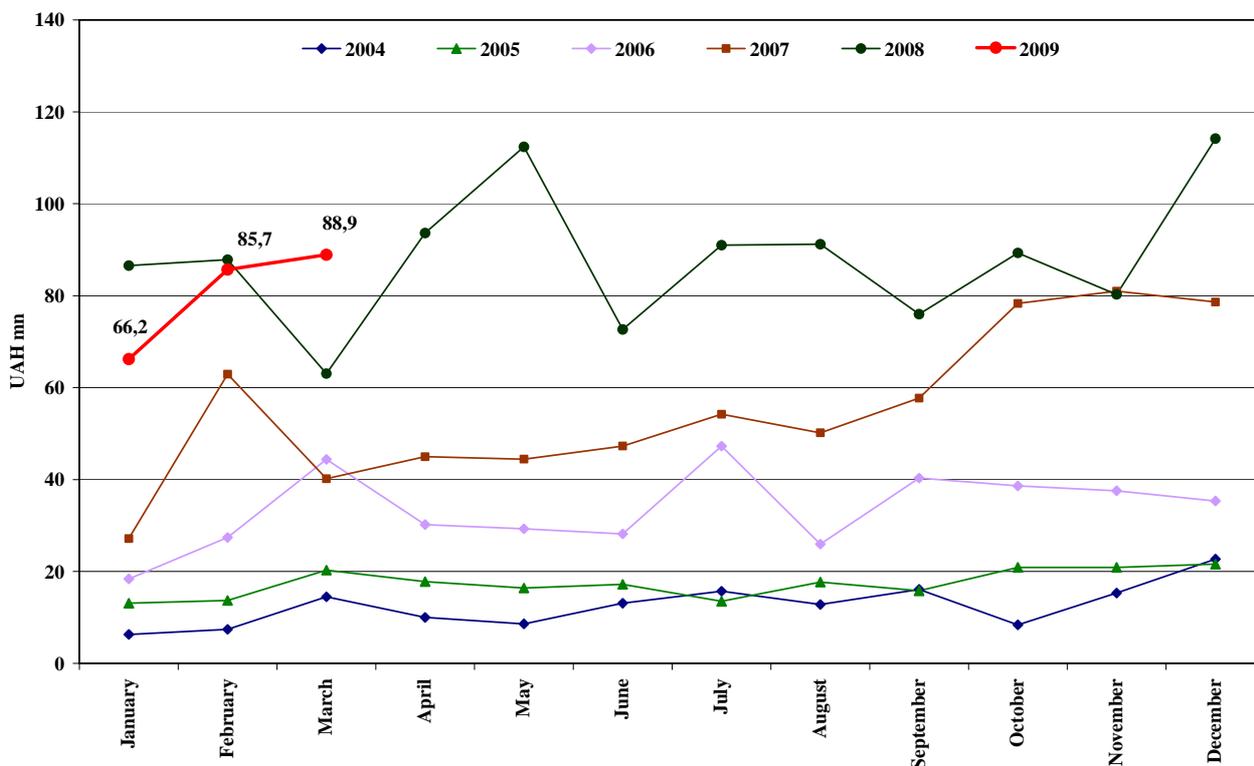
Structure of Local Budget Actual Non-tax Revenues in March 2004-2009



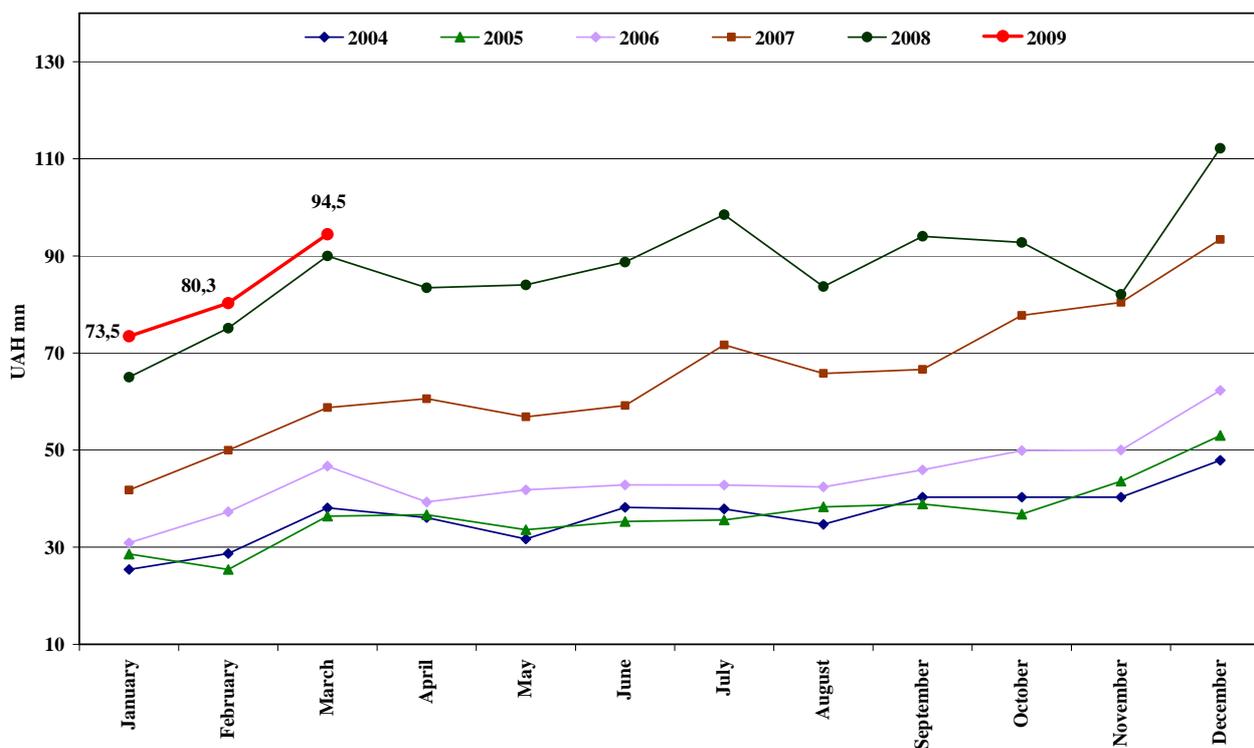
Structure of Local Budget Actual Non-tax Revenues in January-March 2004-2009



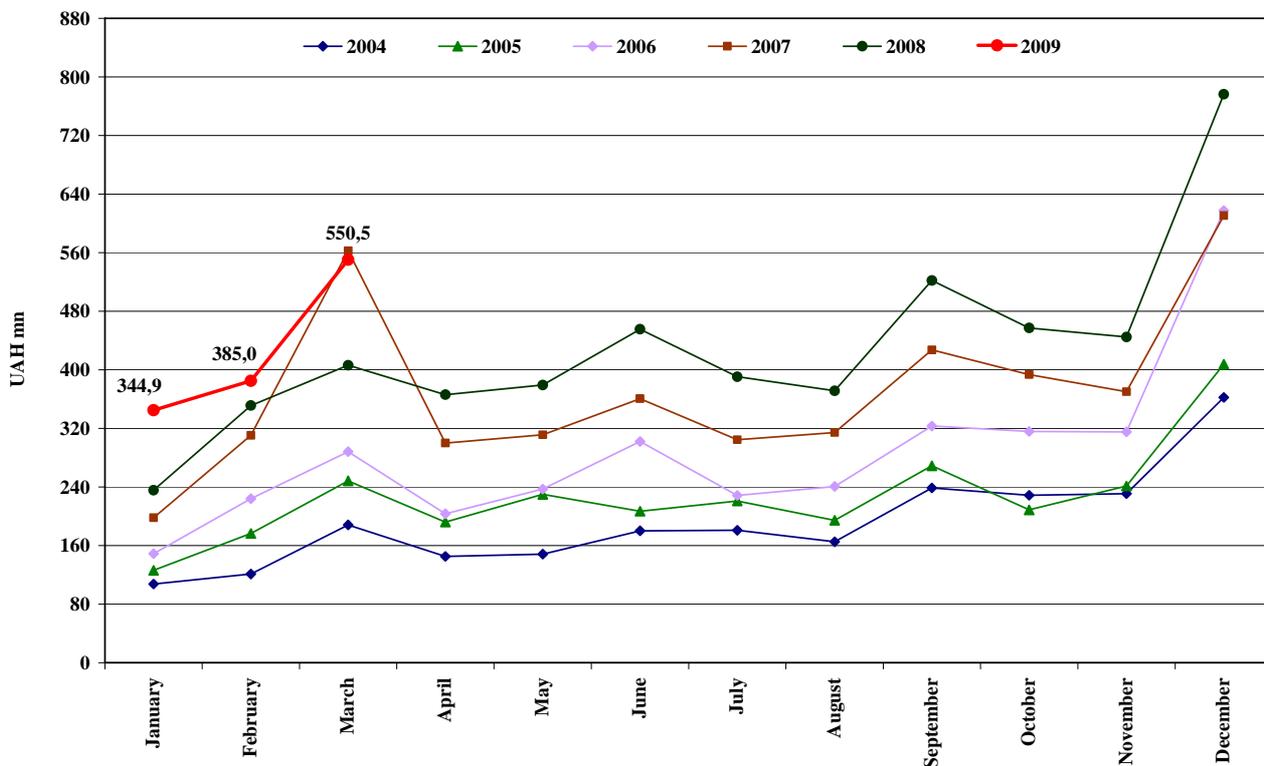
Local Budget Revenues from Property and Entrepreneurial Activities Monthly Trends in 2004-2009



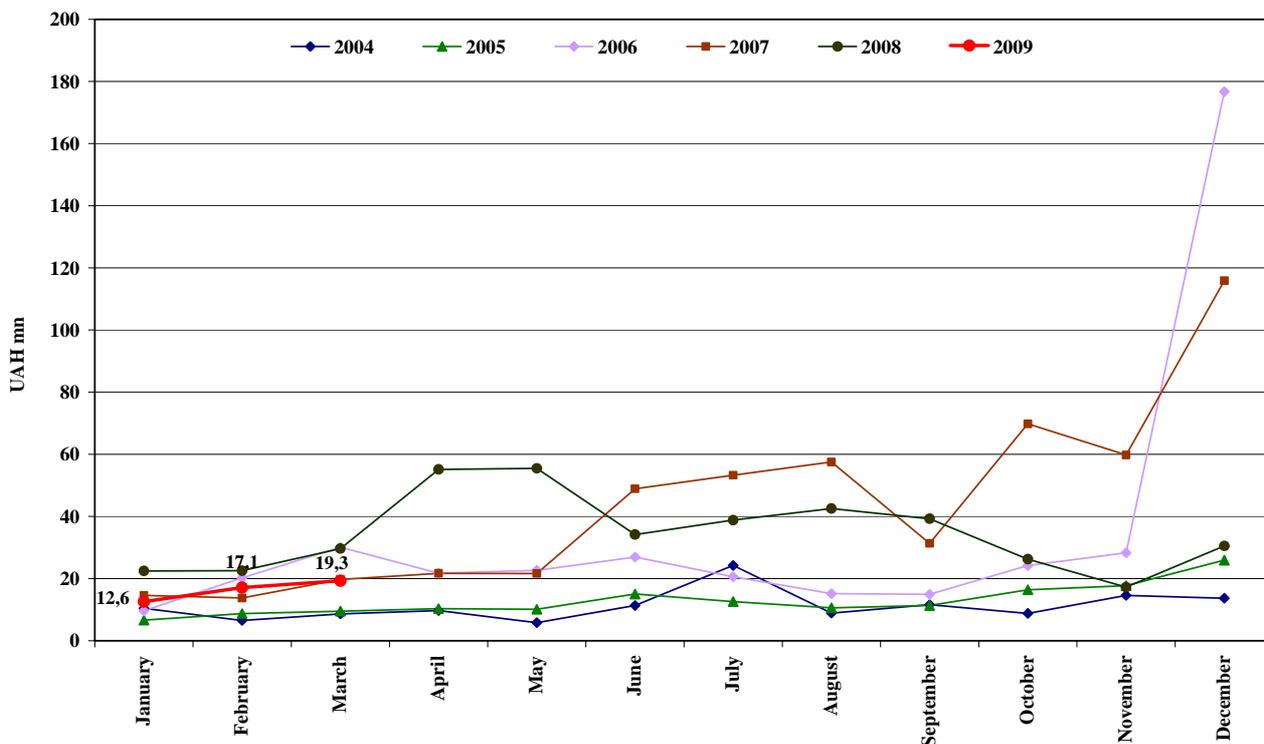
Dynamics of Monthly Local Budget Revenues from Administrative Fees in 2004-2009



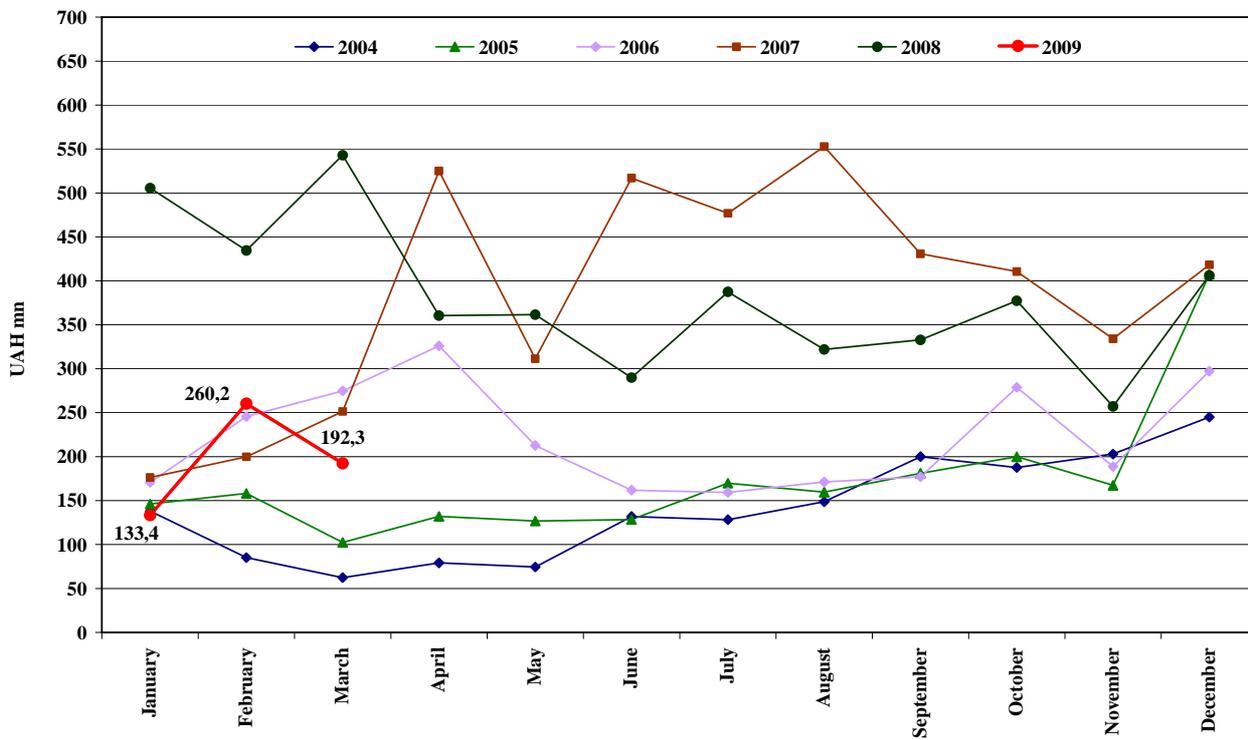
Budgetary Institutions Own Revenues Monthly Trends in 2004-2009



Local Budget Miscellaneous Other Non-tax Revenues Monthly Trends in 2004-2009



Revenues from Capital Transactions Monthly Trends in 2004-2009



State Budget Deficit

Diagram 11

Budget Deficit/Surplus Monthly Trends in 2004

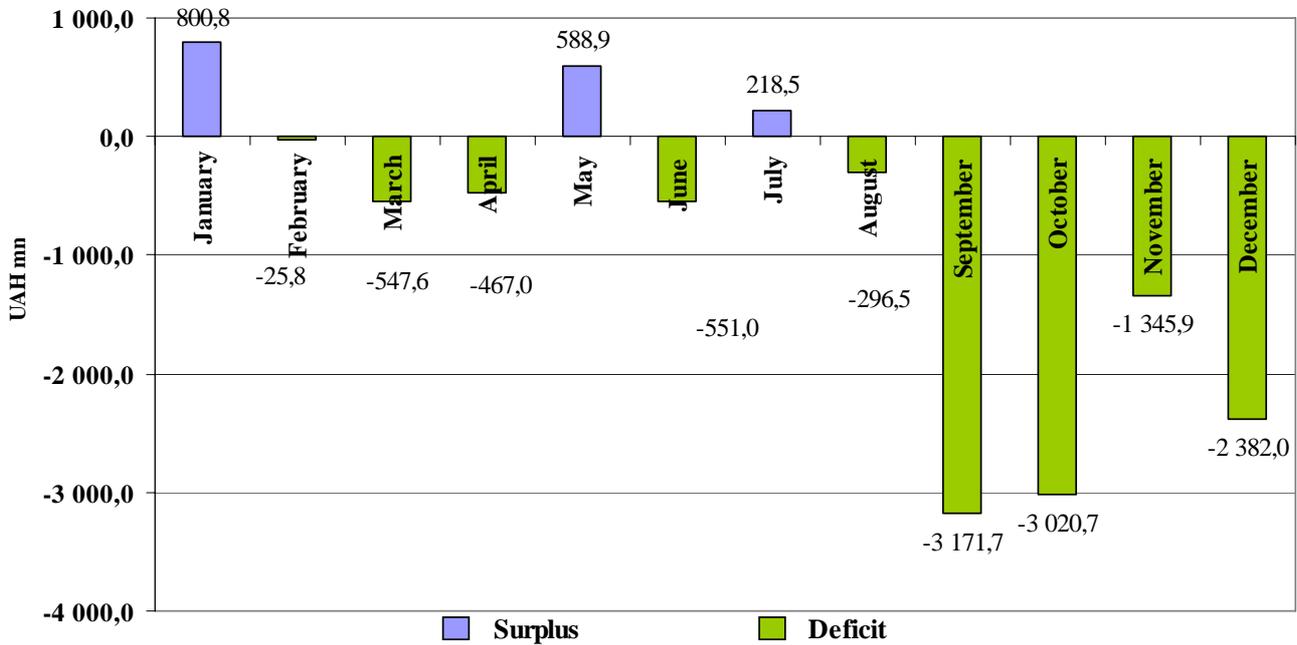


Diagram 12

Budget Deficit/Surplus Monthly Trends in 2005

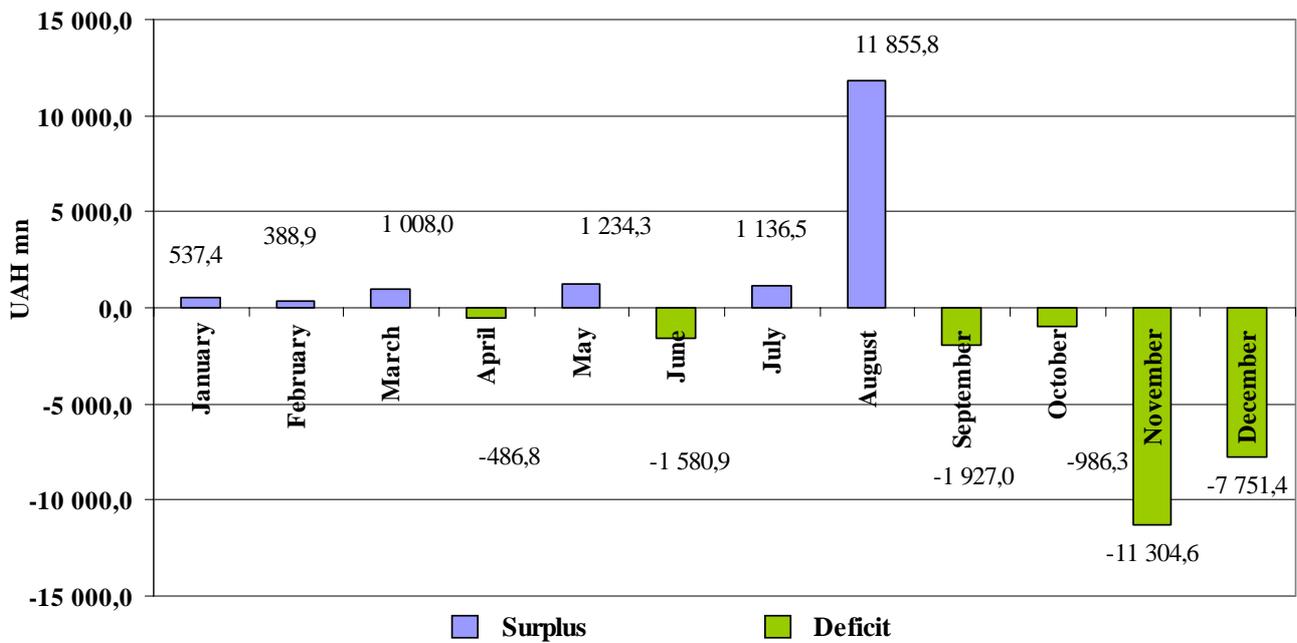


Diagram 13

Budget Deficit/Surplus Monthly Trends in 2006

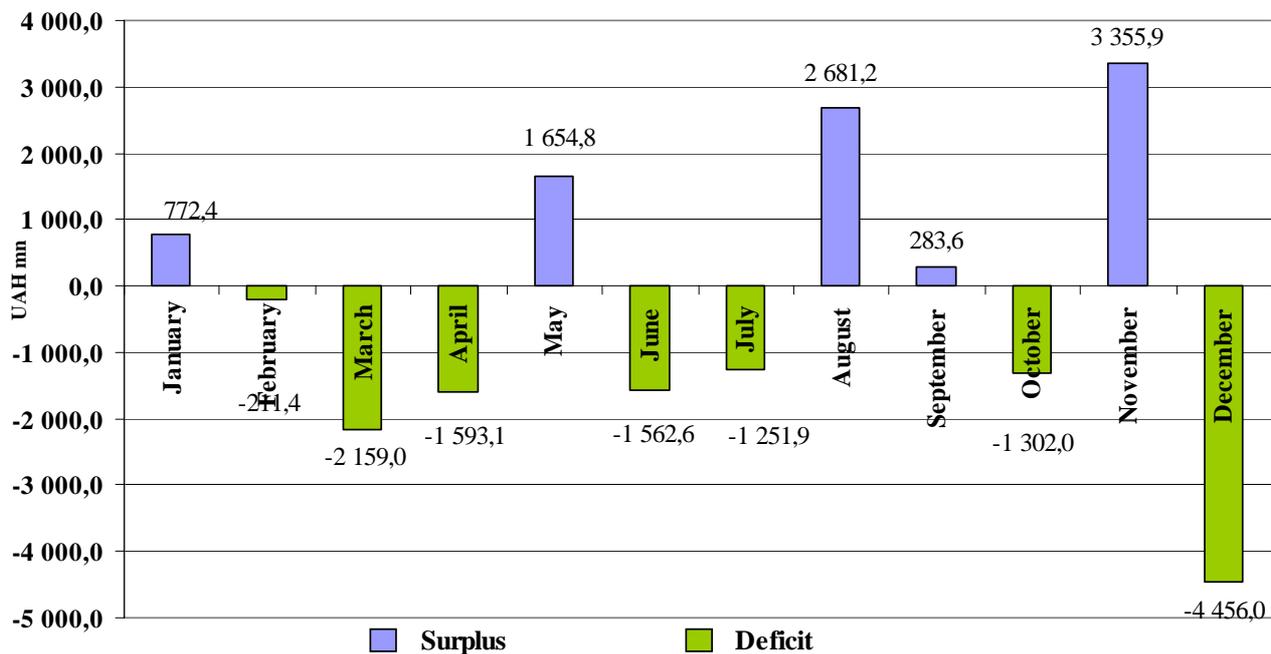


Diagram 14

Budget Deficit/Surplus Monthly Trends in 2007

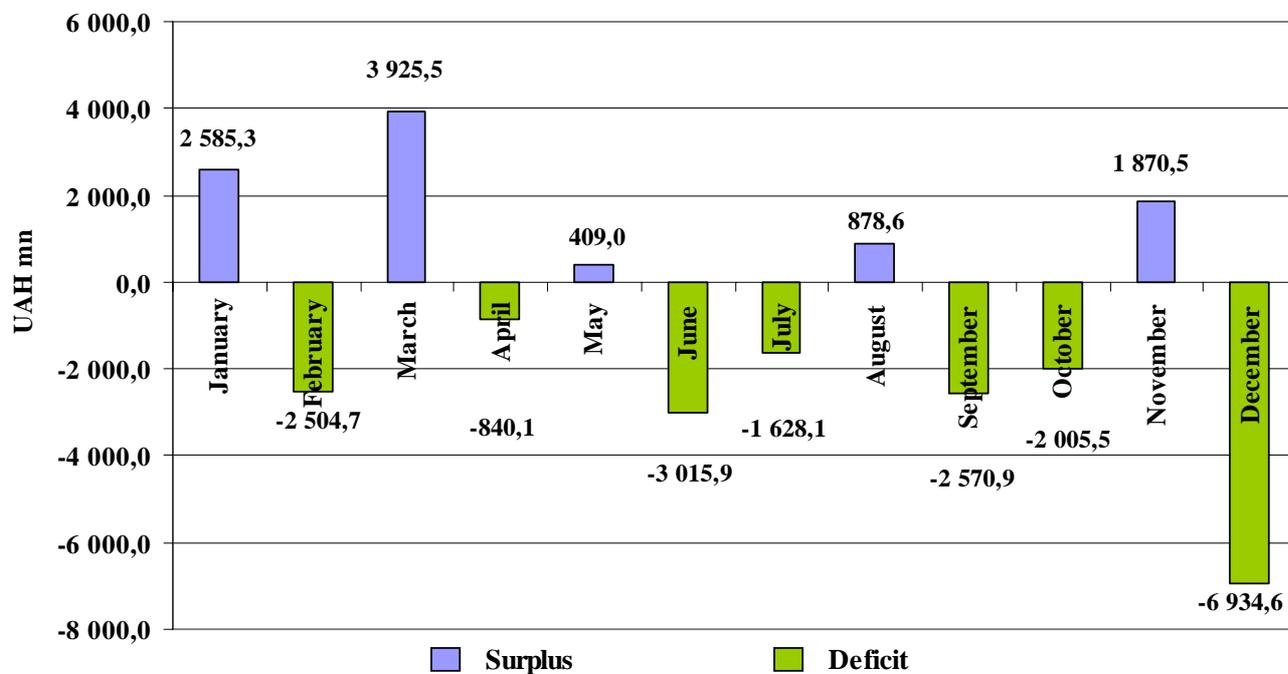


Diagram 15

Budget Deficit/Surplus Monthly Trends in 2008

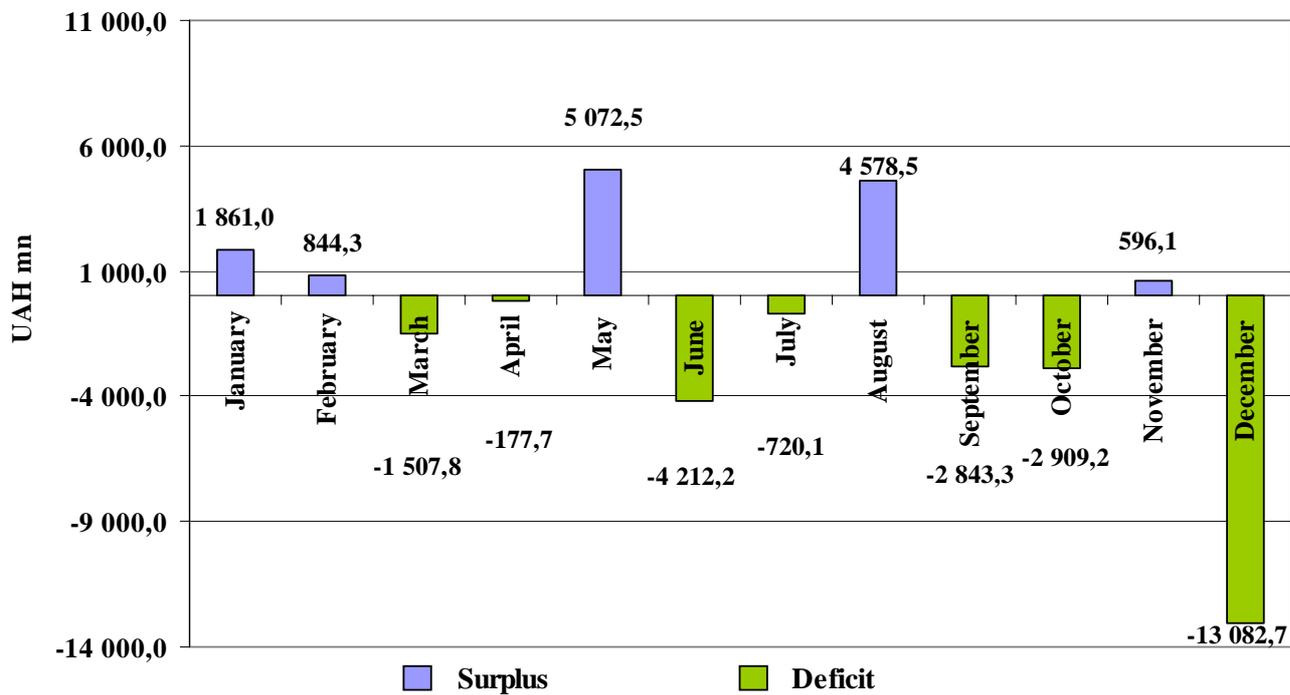
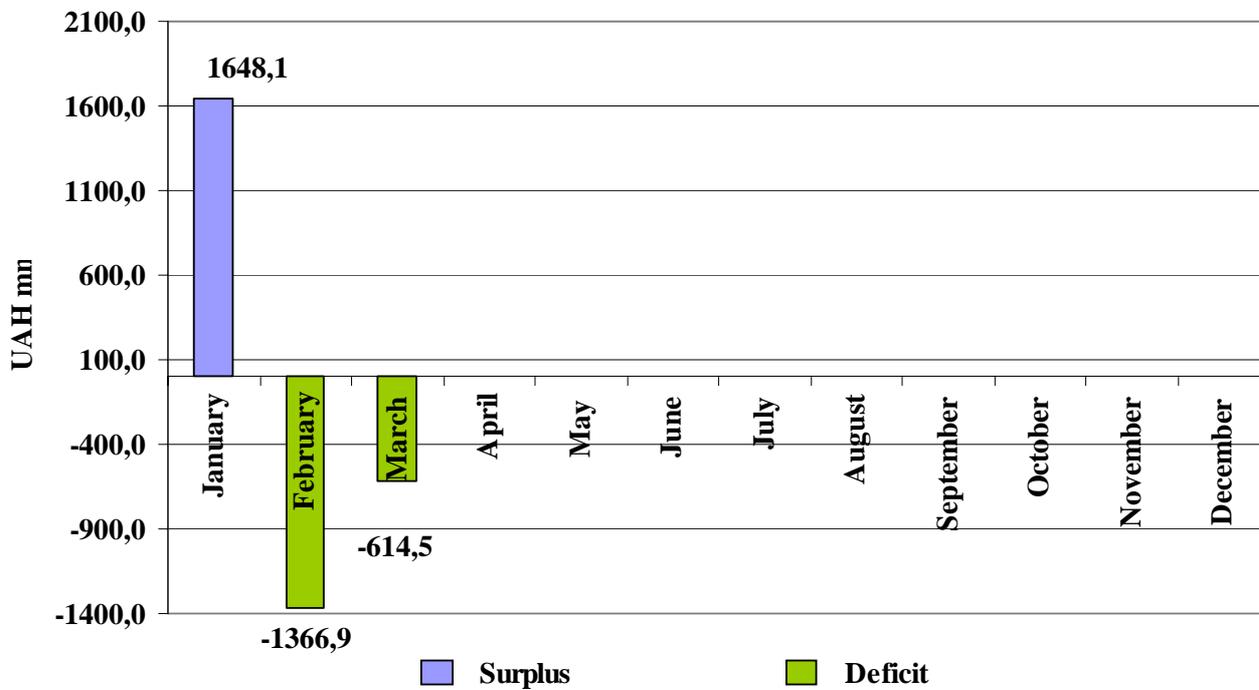


Diagram 16

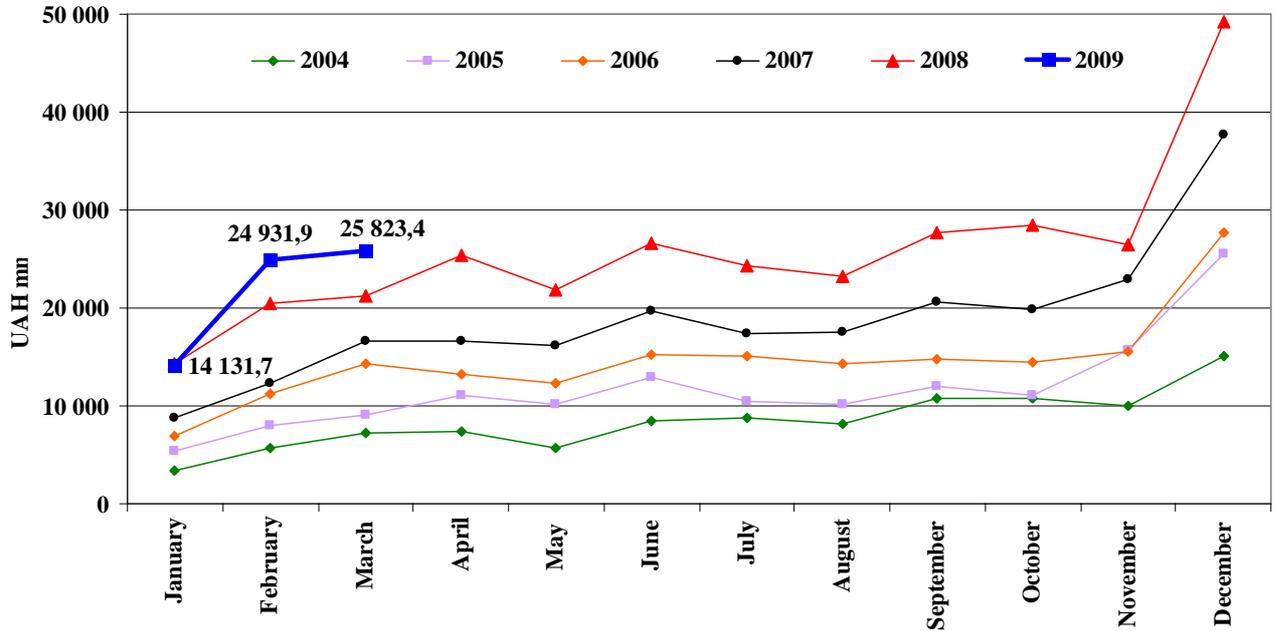
Budget Deficit/Surplus Monthly Trends in 2009



Consolidated Budget Expenditures

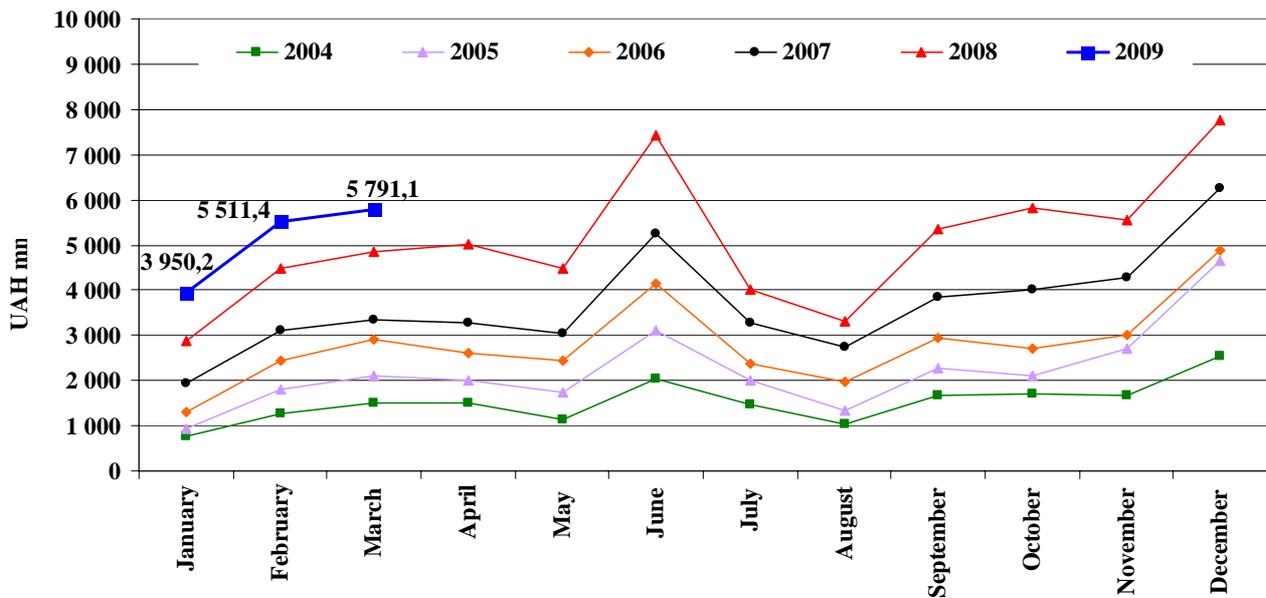
Graph 34

Consolidated Budget Expenditures Monthly Trends in 2004-2009



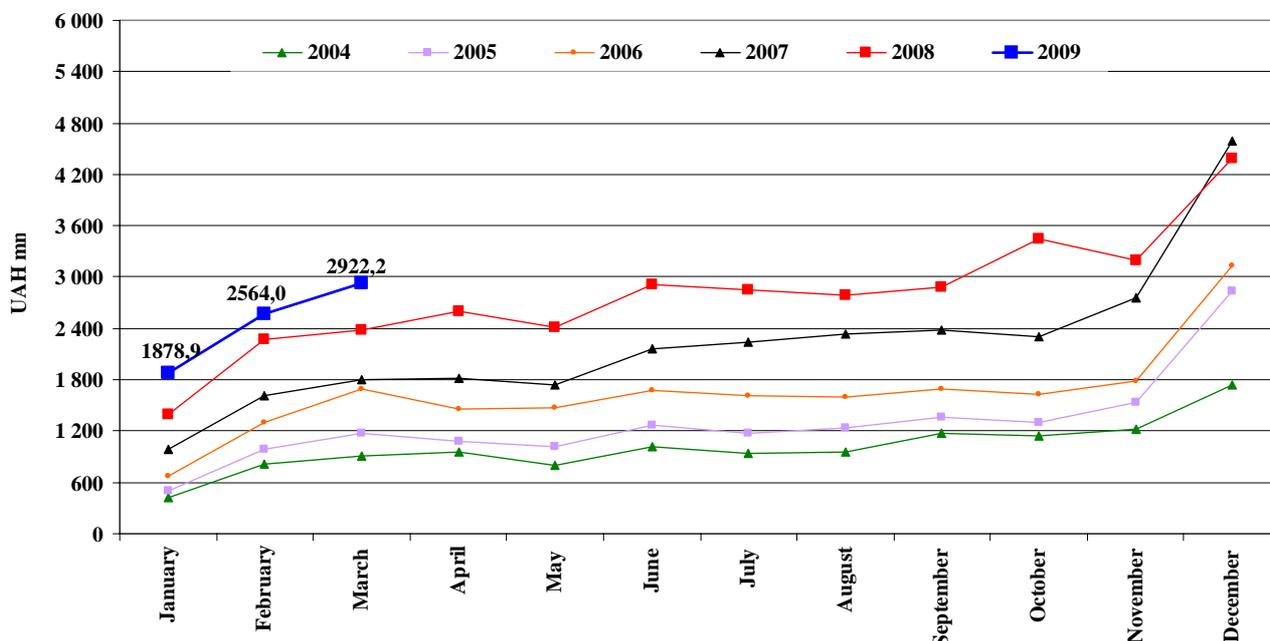
Graph 35

Consolidated Budget Education Expenditures Monthly Trends in 2004-2009



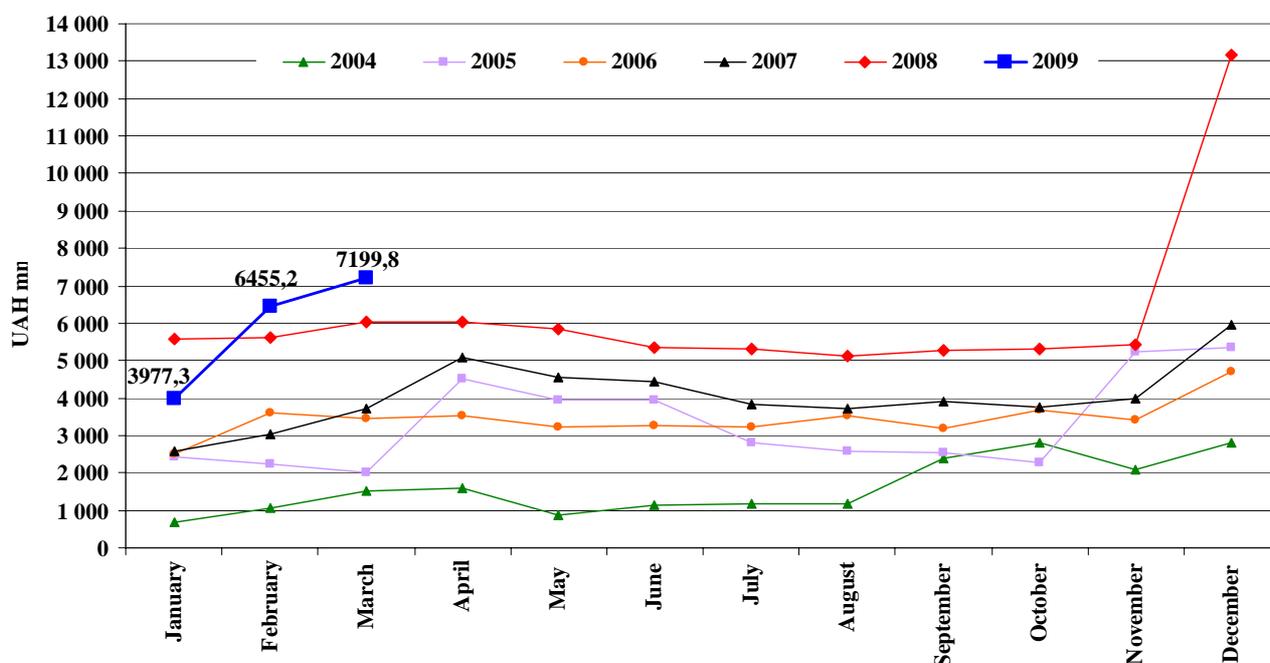
Graph 36

Consolidated Budget Health Expenditures Monthly Trends in 2004-2009

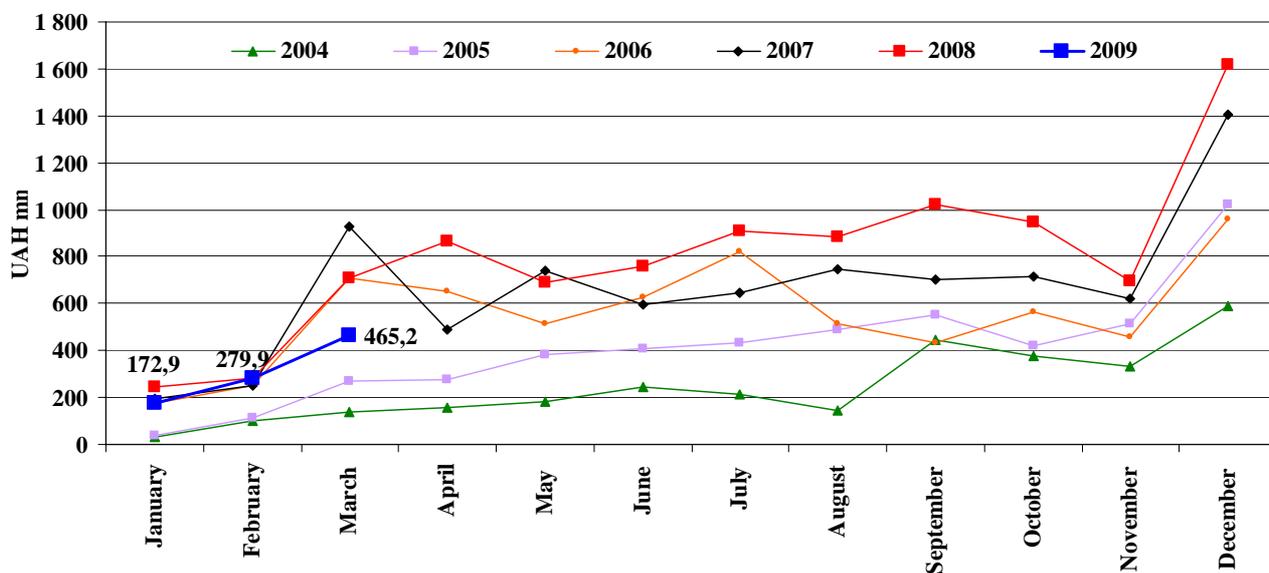


Graph 37

Consolidated Budget Expenditures for Social Protection and Social Security Monthly Trends in 2004-2009



Consolidated Budget Expenditures for Agriculture, Forestry, Game-Preserves, and Fisheries Monthly Trends in 2004-2009



State Budget Expenditures

Diagram 17

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2004

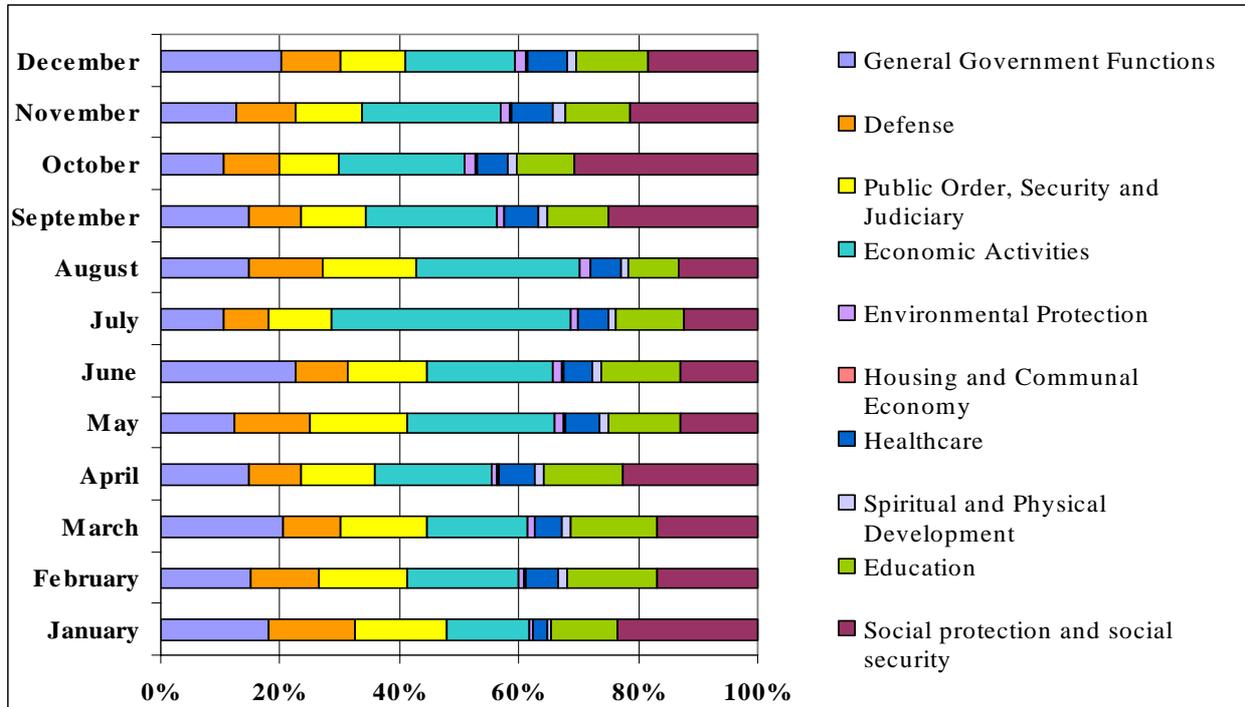


Diagram 18

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2005

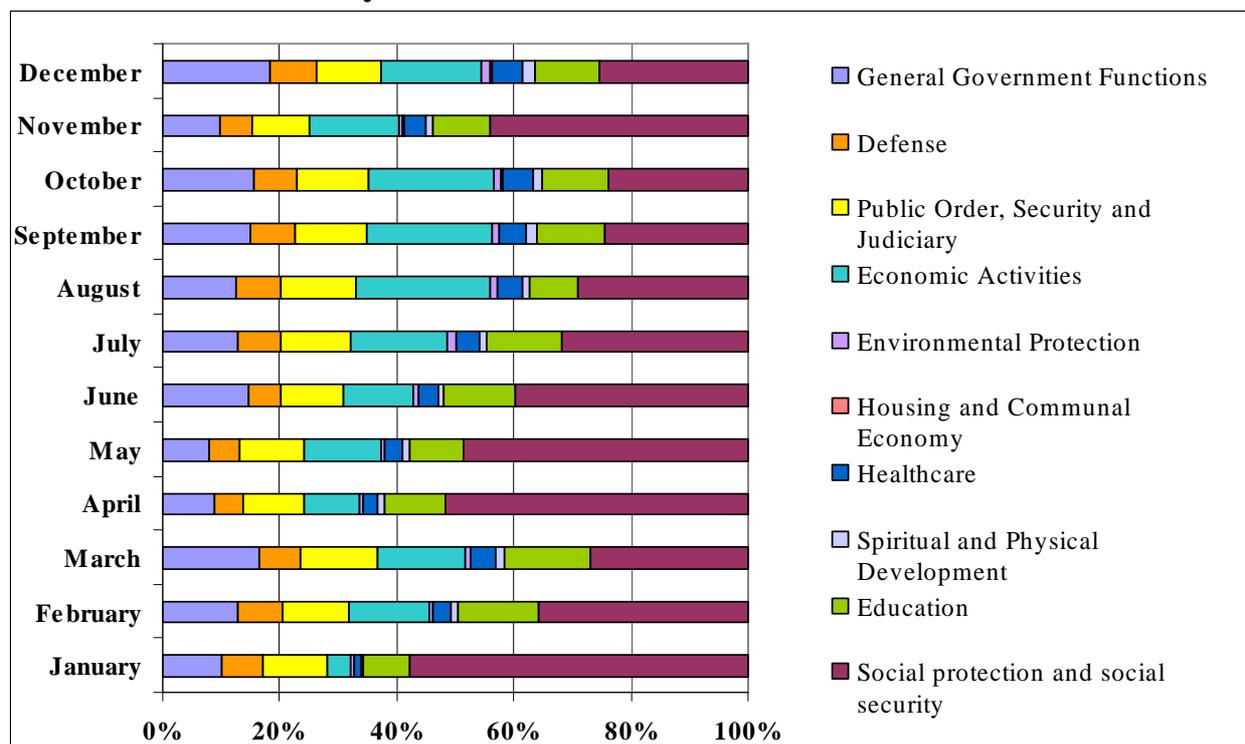


Diagram 19

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2006

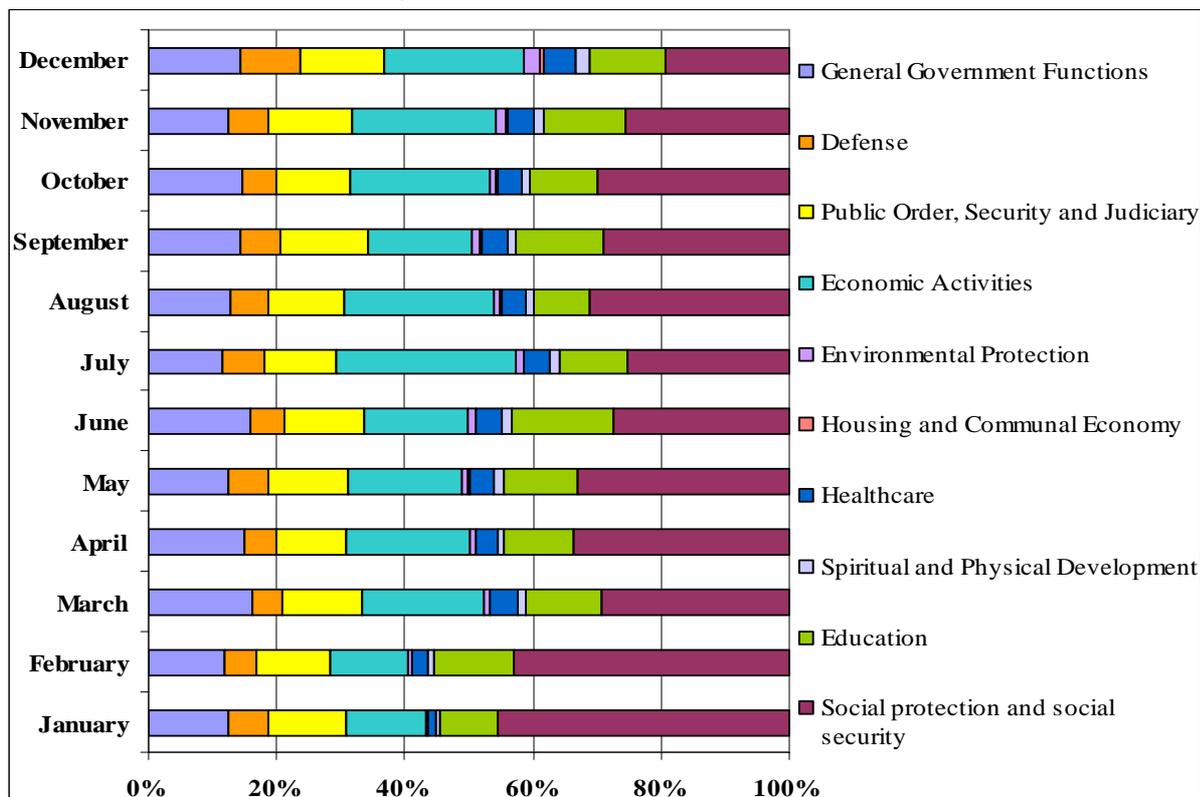


Diagram 20

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2007

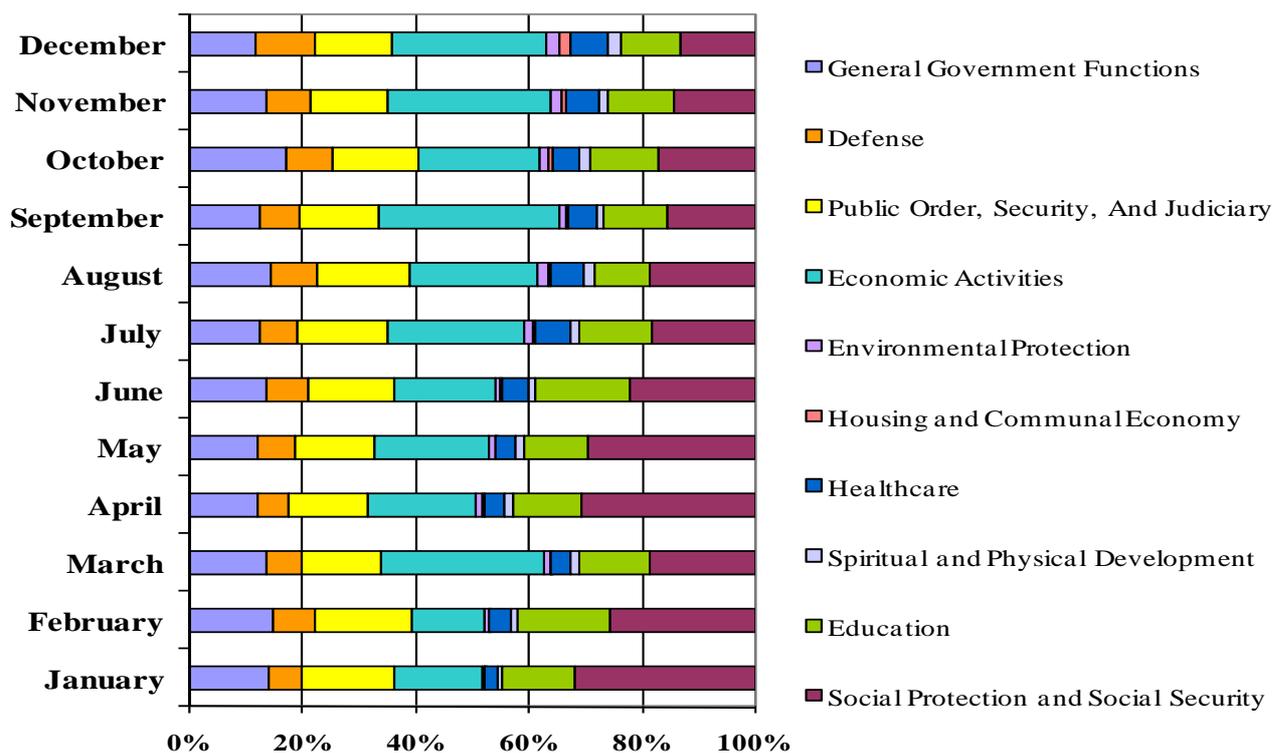


Diagram 21

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2008

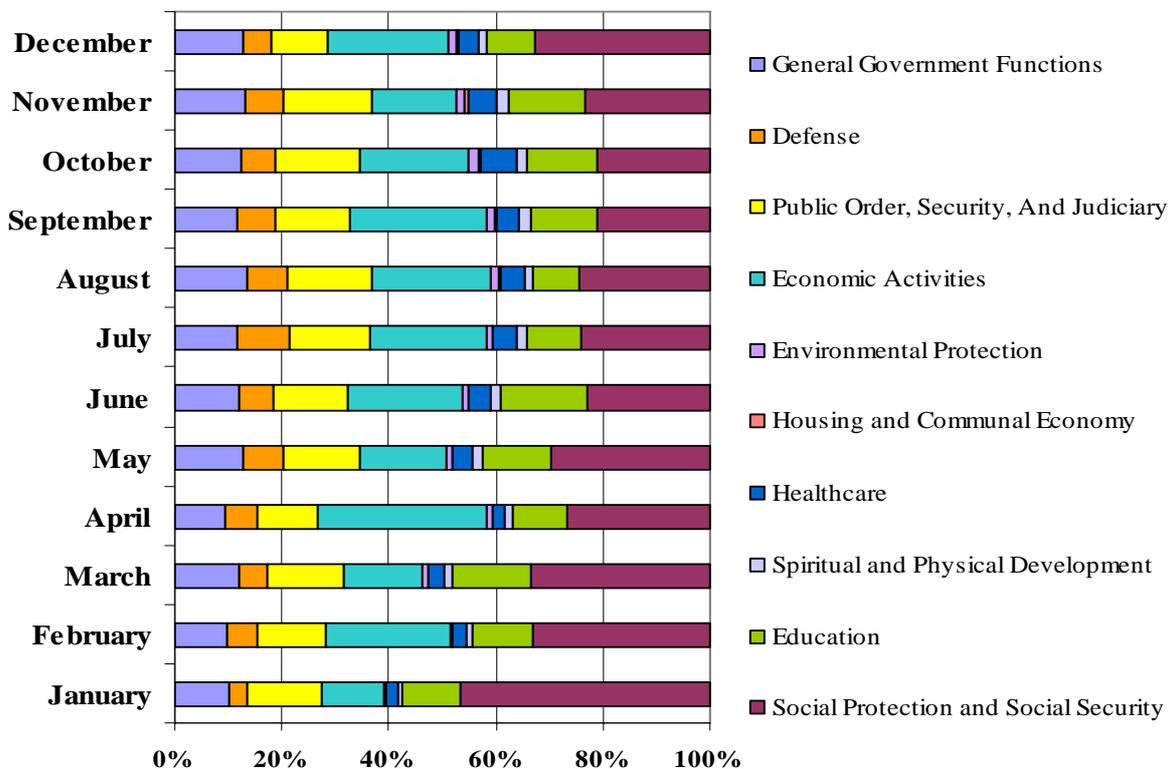
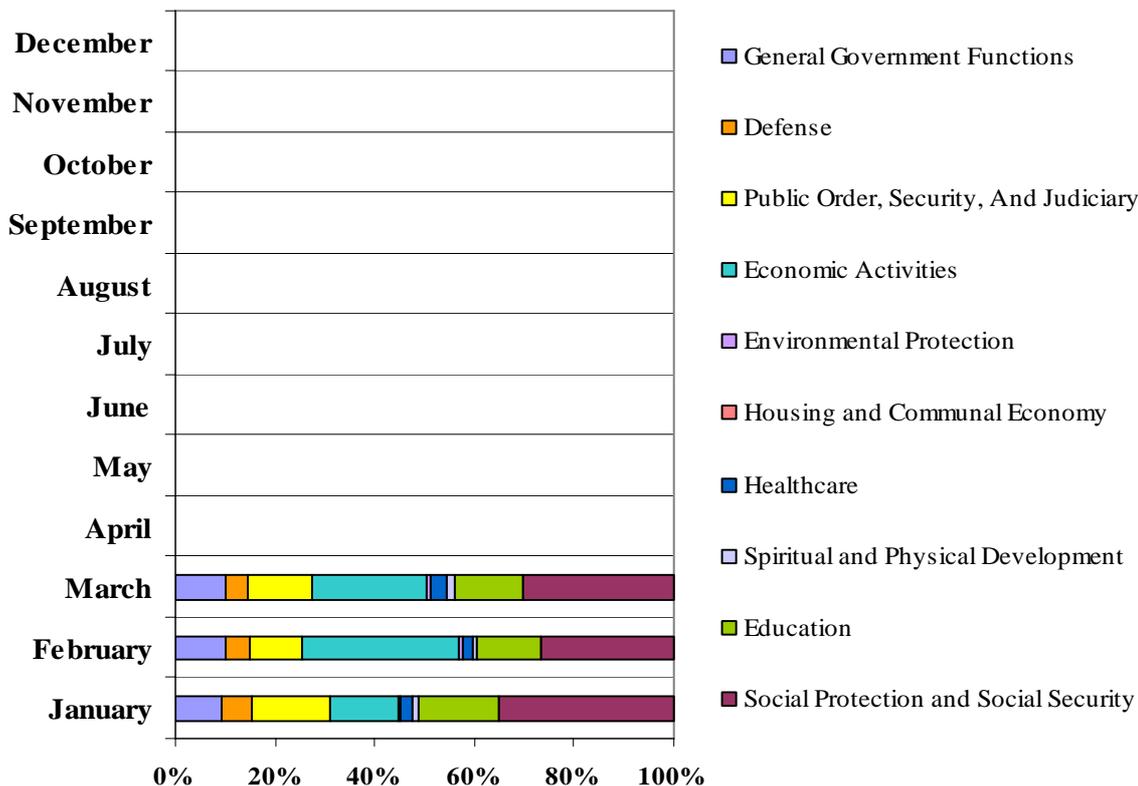


Diagram 22

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2009



Monthly Trends of State Budget Expenditures in 2004-2009

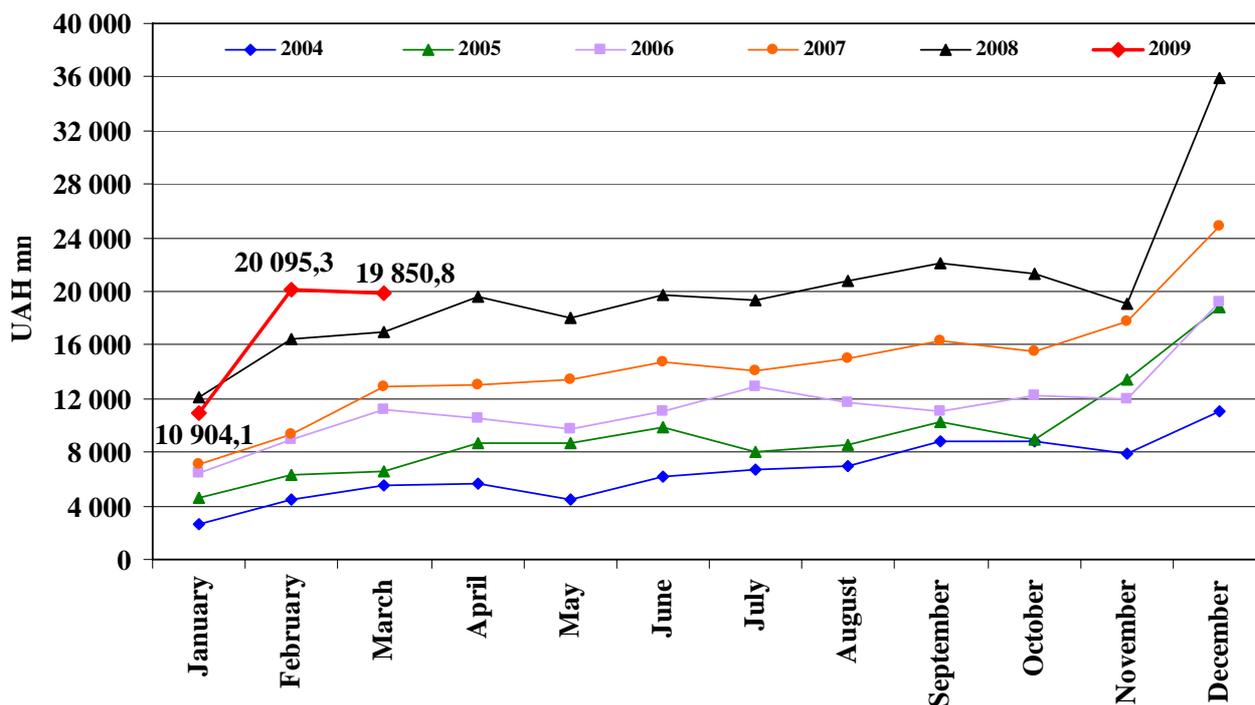
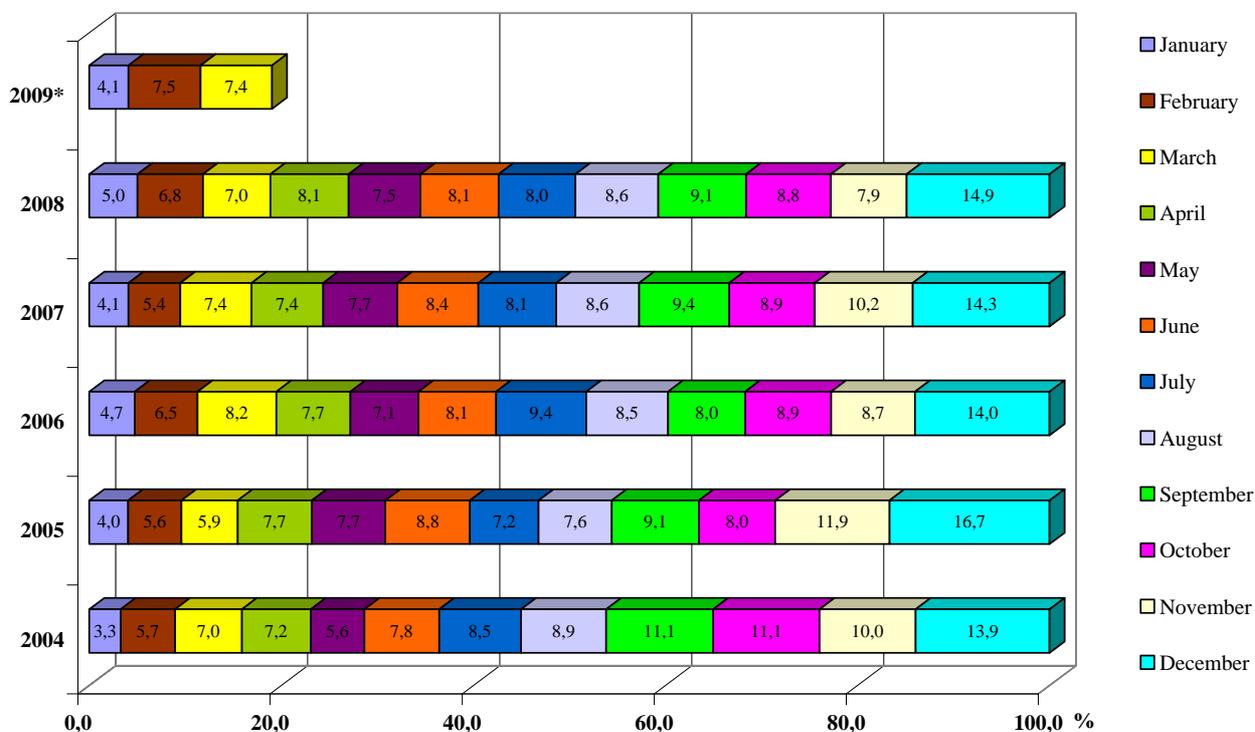


Diagram 23

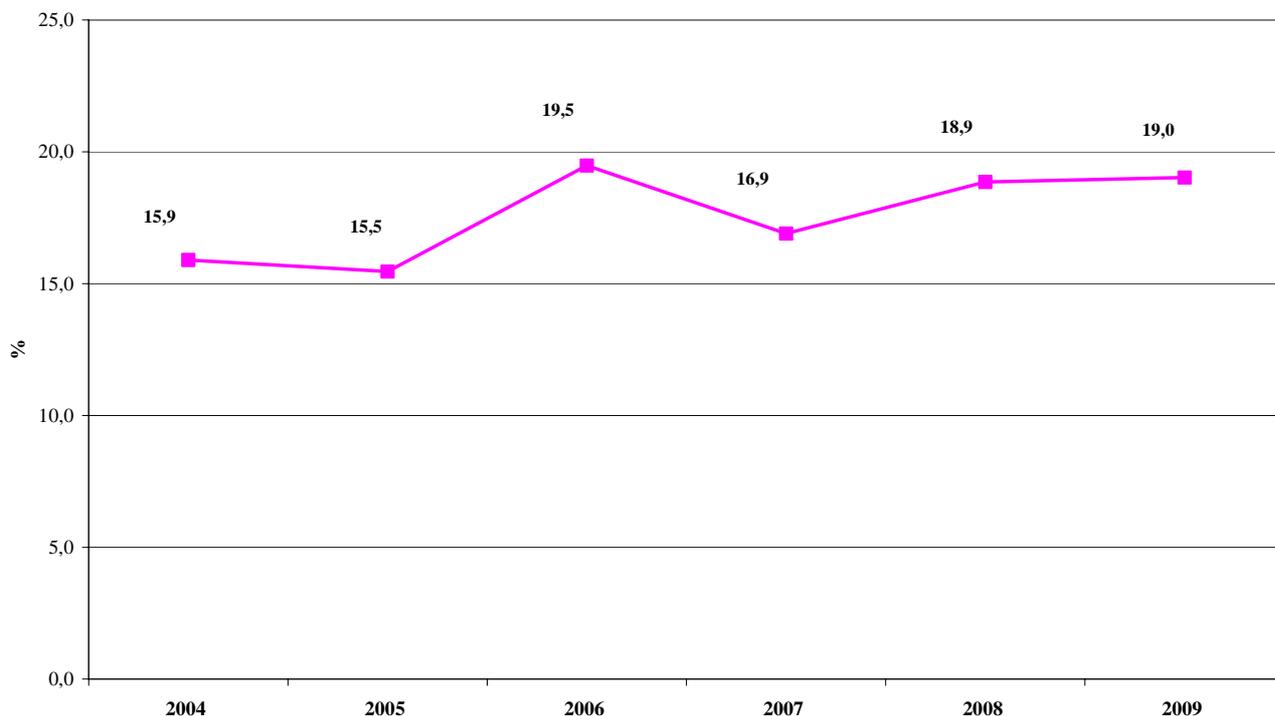
Dynamics of the Share of Ukraine's State Budget Total Expenditures in Annual Amounts in 2004-2009



* A share of total expenditures according to the planned annual index

Graph 40

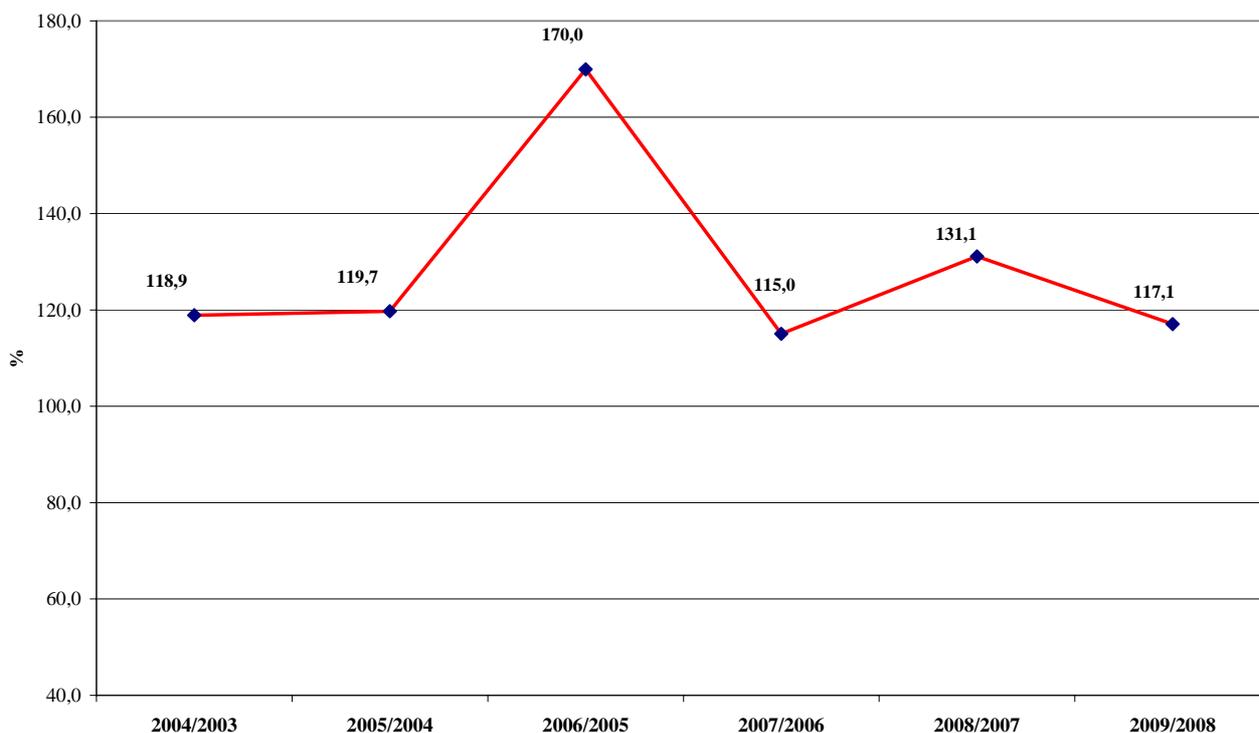
Dynamics of the Share of Ukraine's State Budget Expenditures in January-March 2004-2009 in Annual Amounts



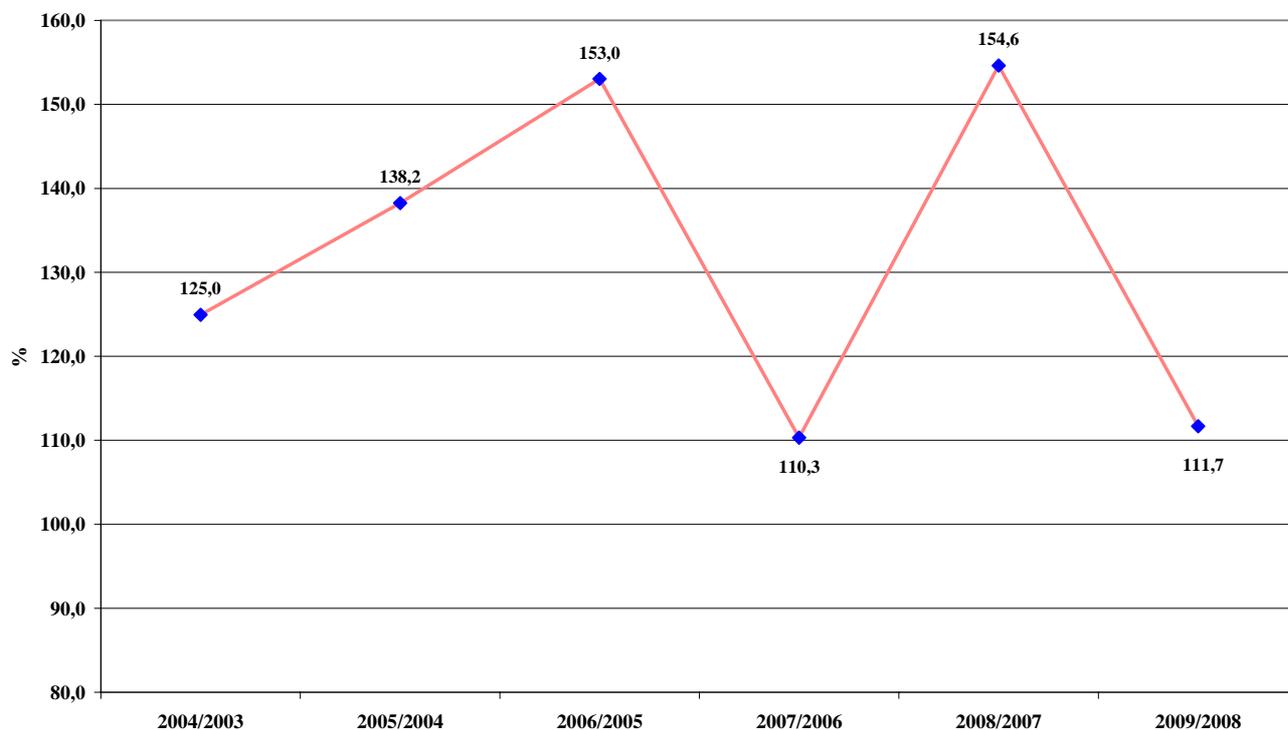
** A share of total expenditures according to the planned annual index*

Graph 41

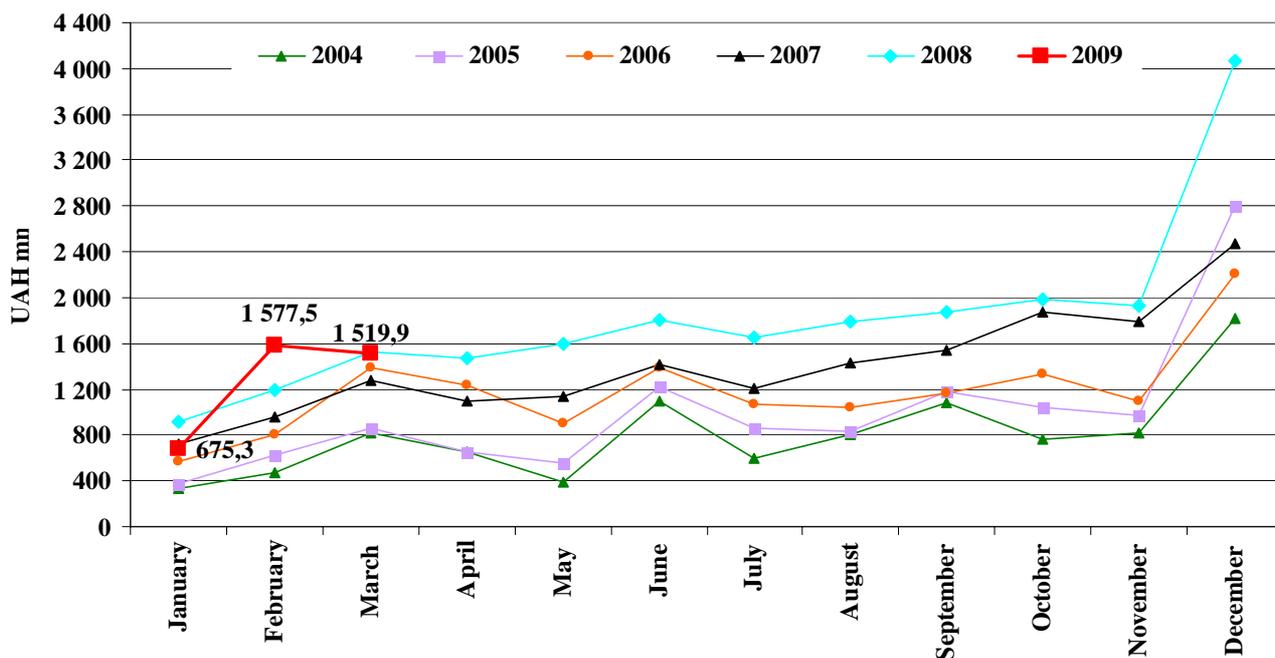
Growth Rates of Ukraine's State Budget Expenditures in March 2004-2009



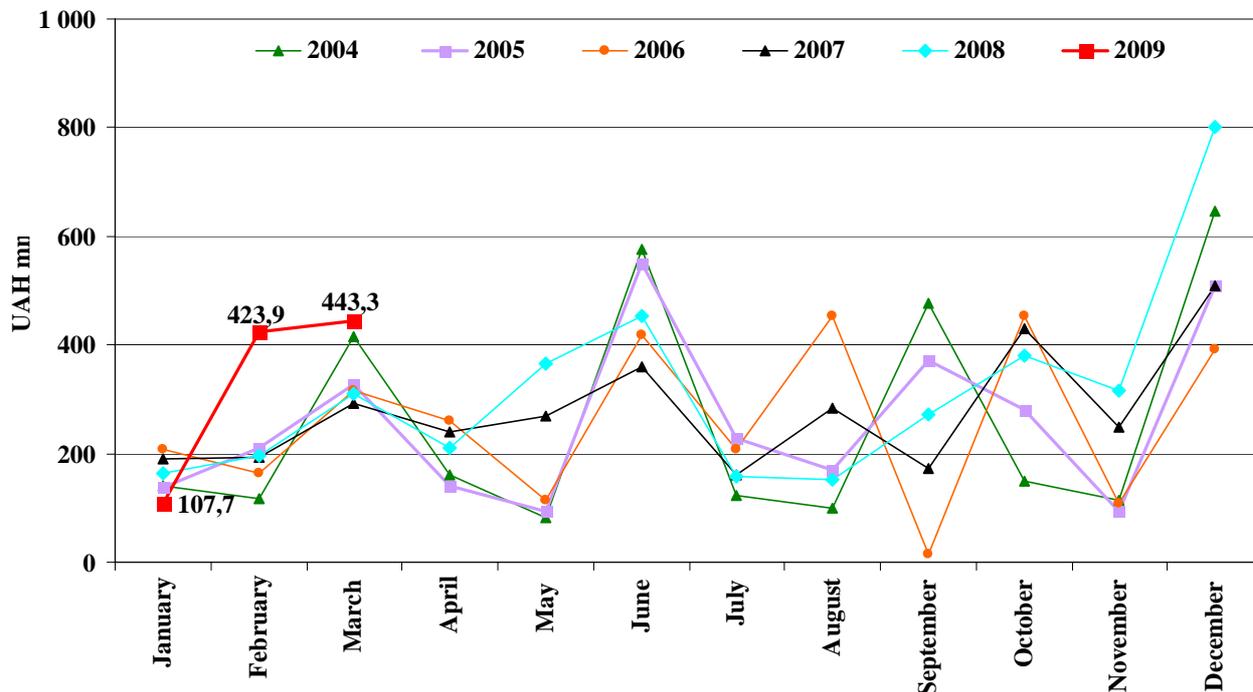
Growth Rates of Ukraine's State Budget Expenditures in January-March 2004-2009



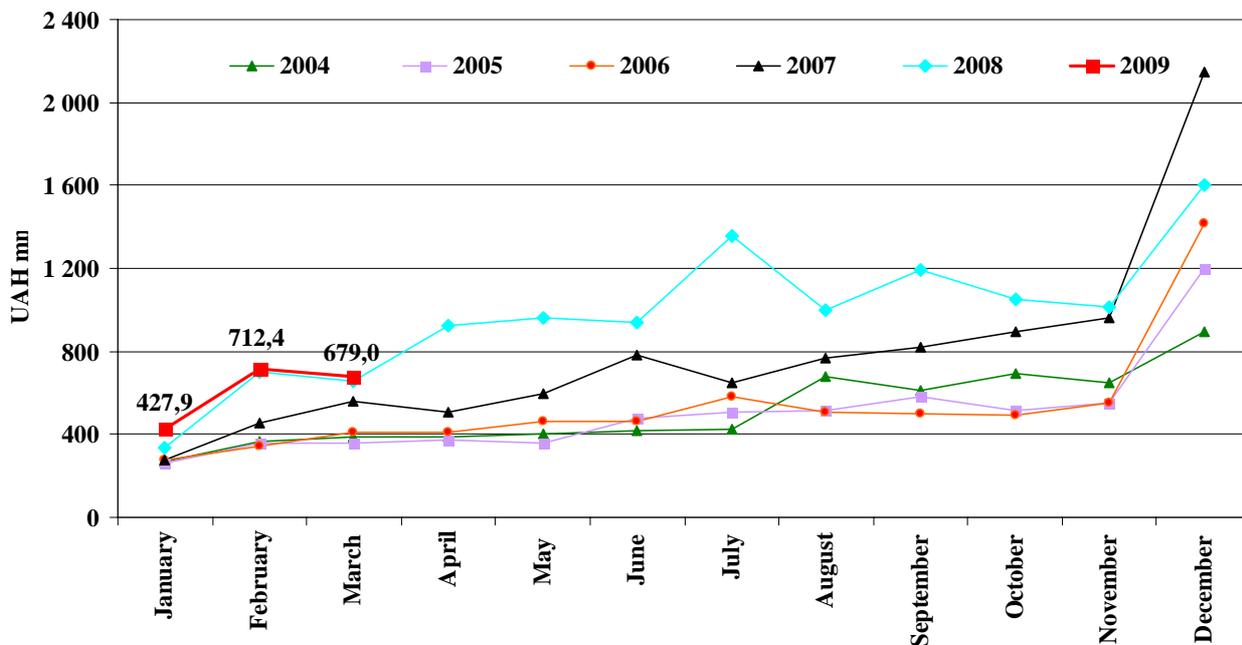
State Budget Expenditures for General Government Functions Monthly Trends in 2004-2009



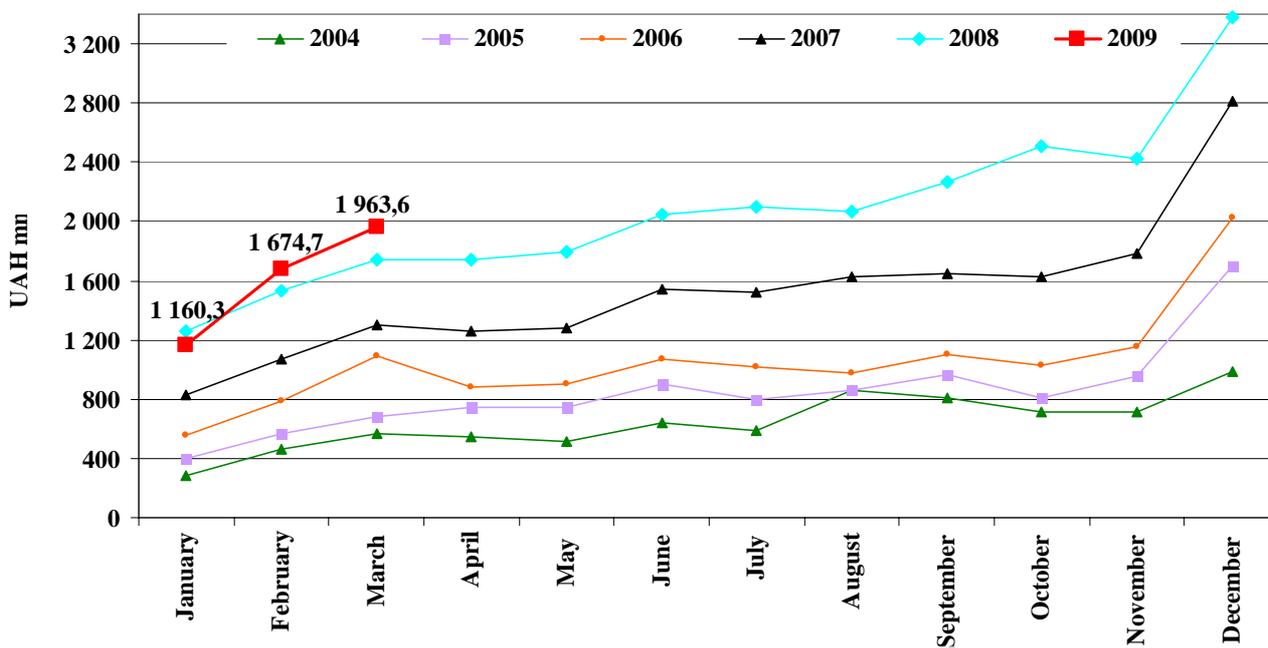
State Budget Expenditures for Public Debt Servicing Monthly Trends in 2004-2009



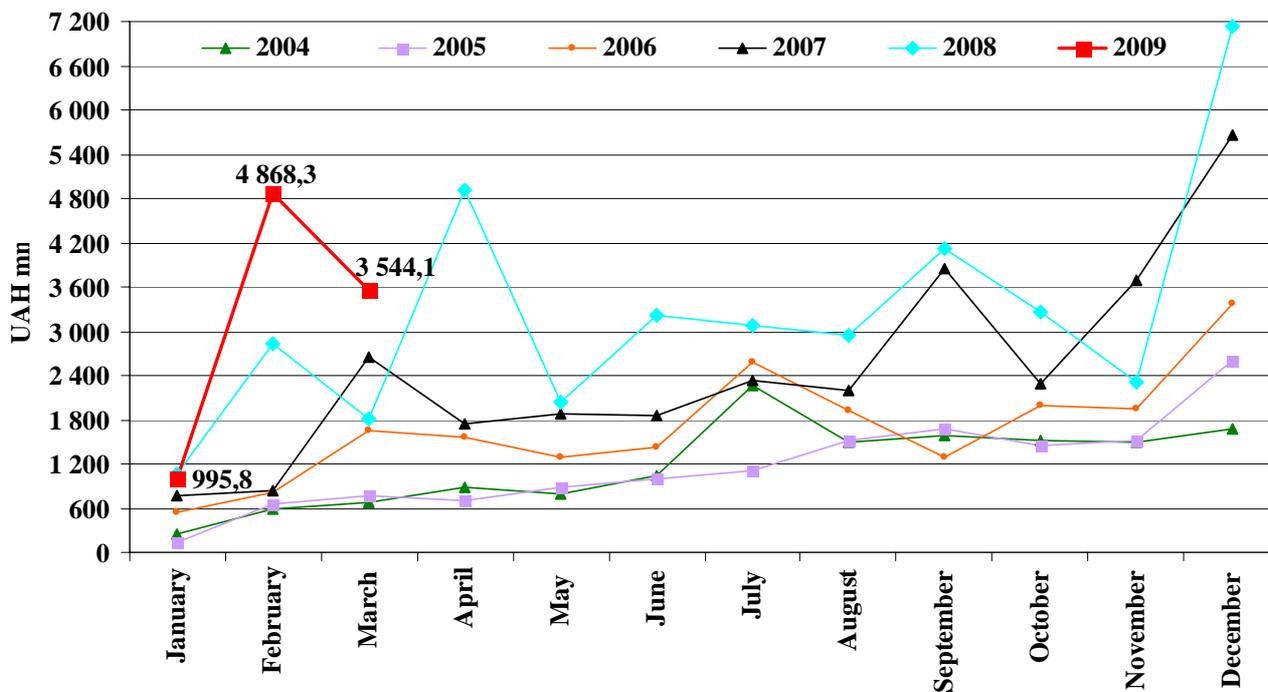
State Budget Expenditures for Defense Monthly Trends in 2004-2009



State Budget Expenditures for Public Order, Security, and Judiciary Monthly Trends in 2004-2009

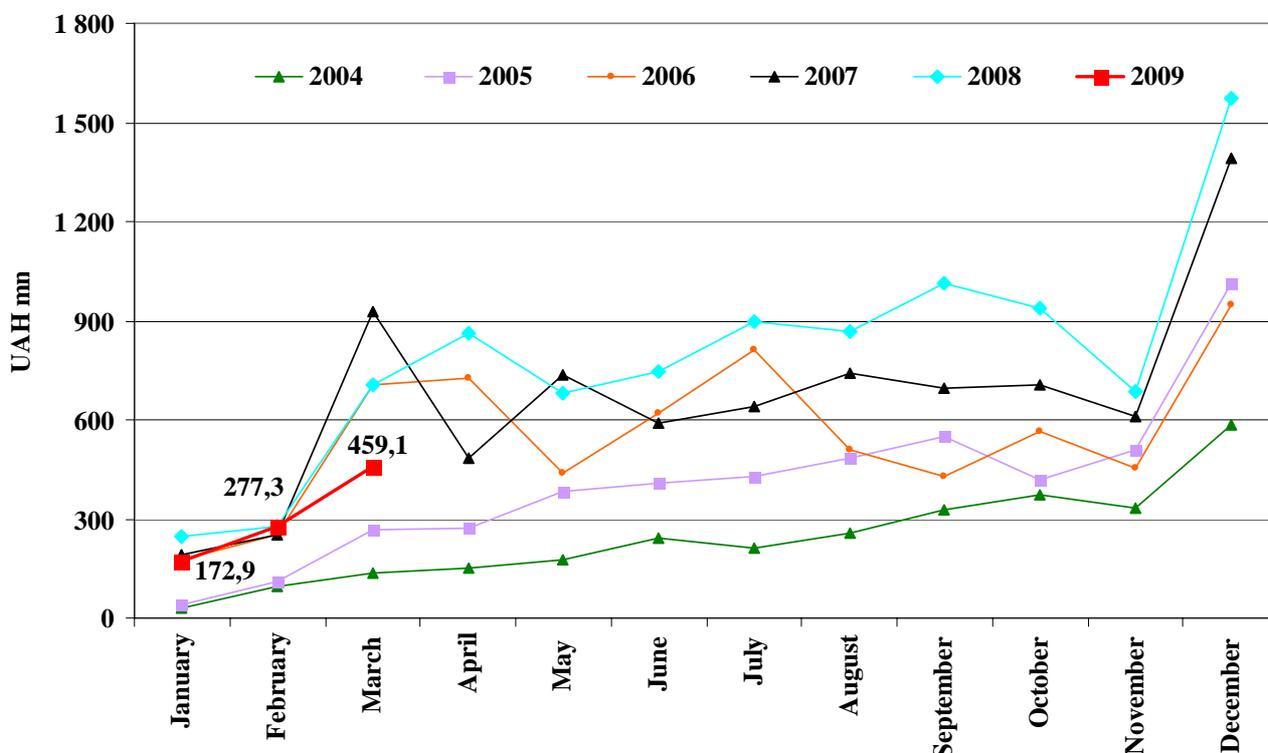


State Budget Expenditures for Economic Activities Monthly Trends in 2004-2009



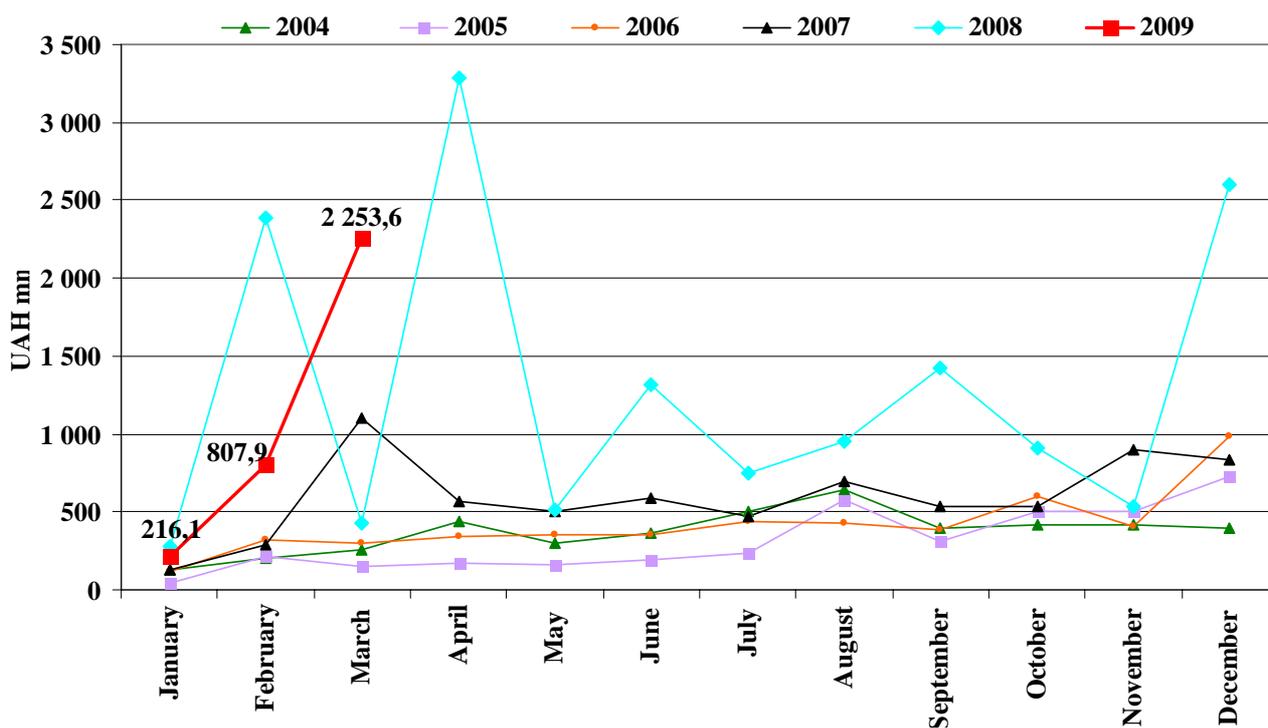
Graph 48

State Budget Expenditures for Agriculture, Forestry and Game-Preserves, and Fisheries Monthly Trends in 2004-2009



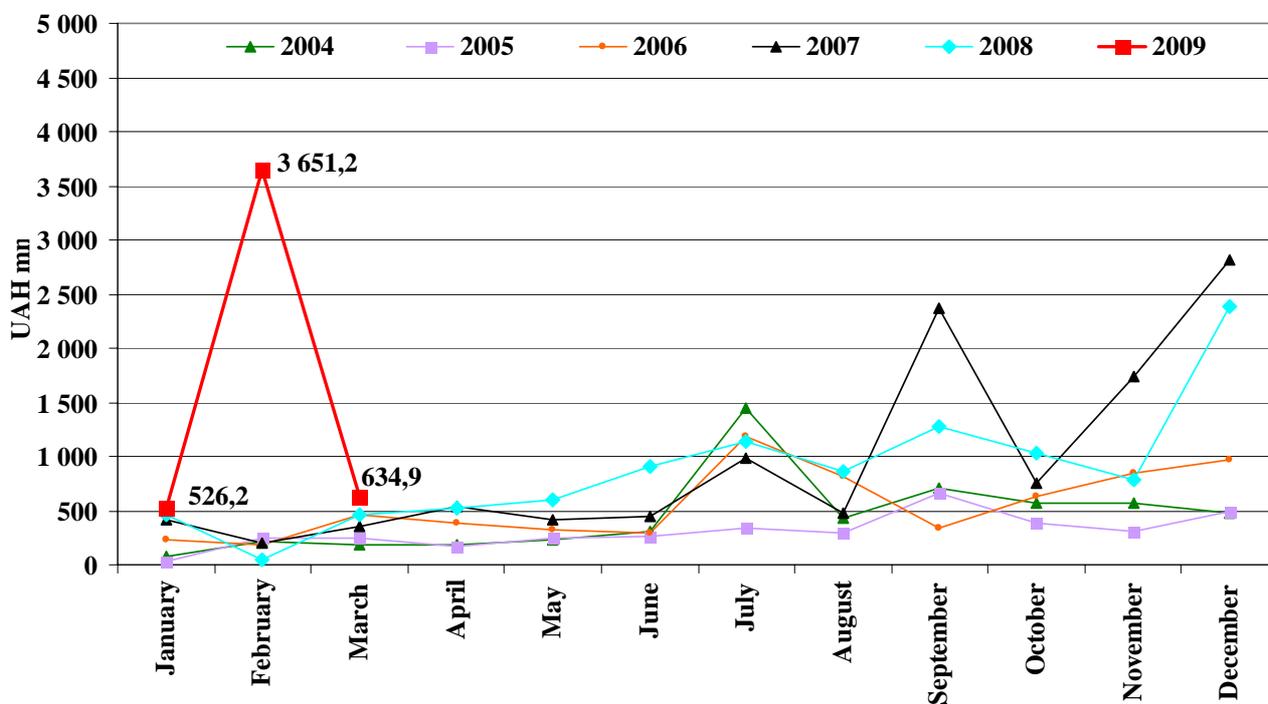
Graph 49

State Budget Expenditures for Fuel and Energy Sector Monthly Trends in 2004-2009



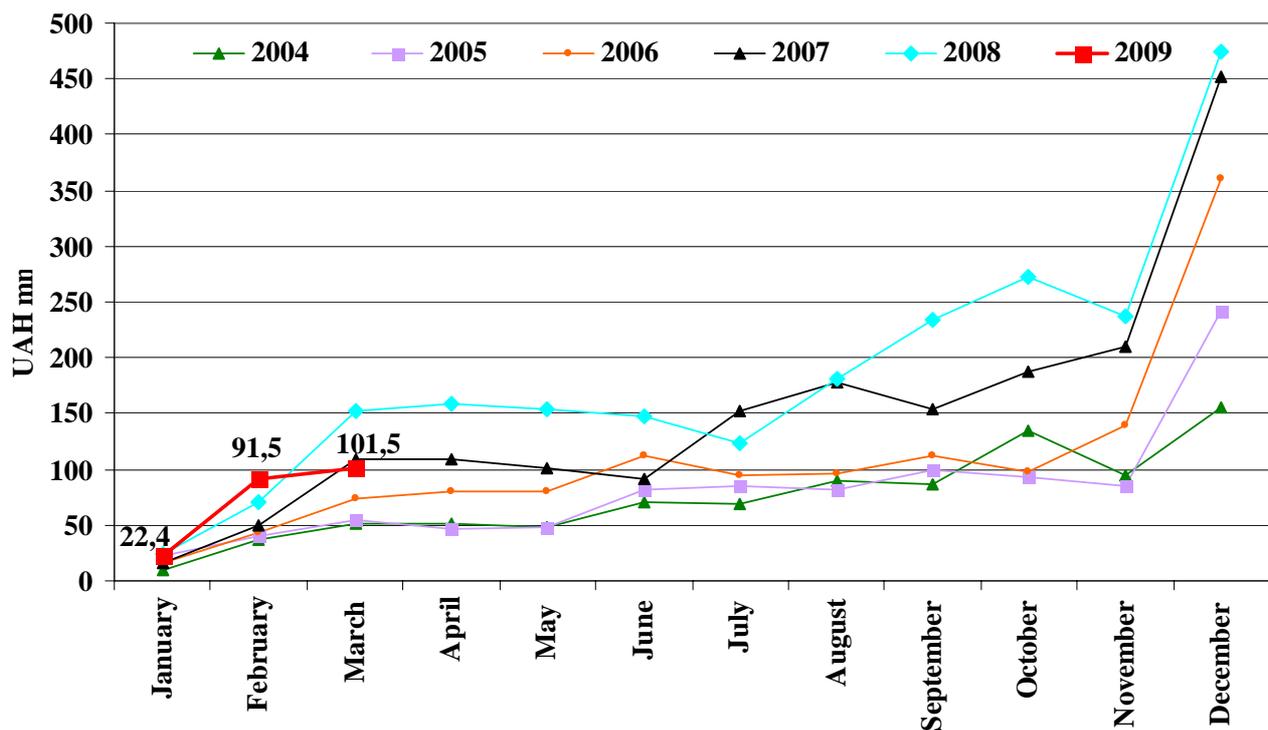
Graph 50

State Budget Expenditures for Transport Monthly Trends in 2004-2009



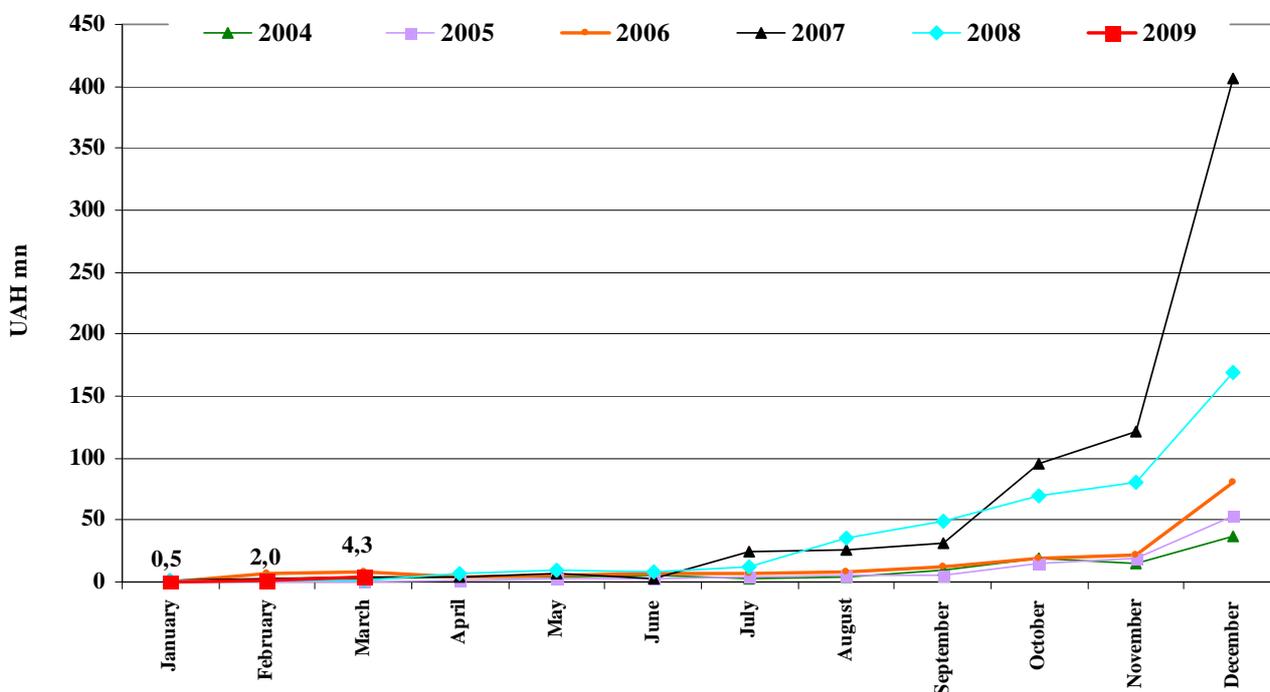
Graph 51

State Budget Expenditures for Environmental Protection Monthly Trends in 2004-2009



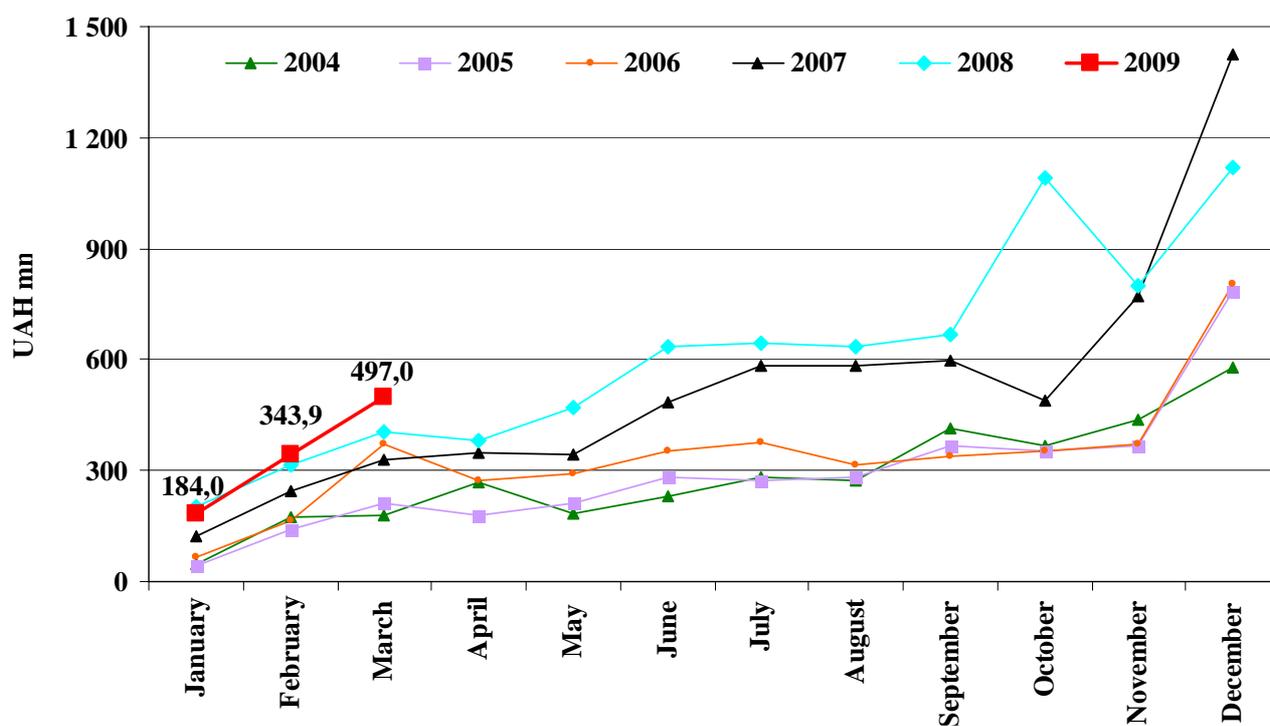
Graph 52

State Budget Expenditures for Housing and Communal Sector Monthly Trends in 2004-2009



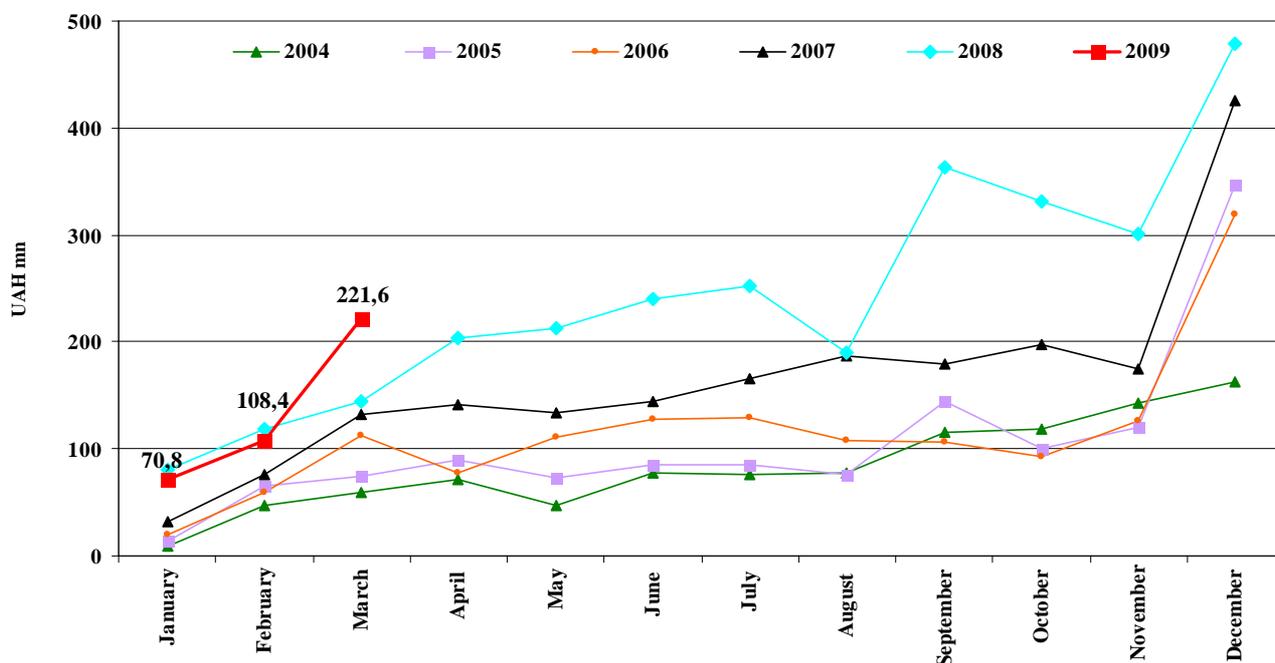
Graph 53

State Budget Expenditures for Healthcare Monthly Trends in 2004-2009



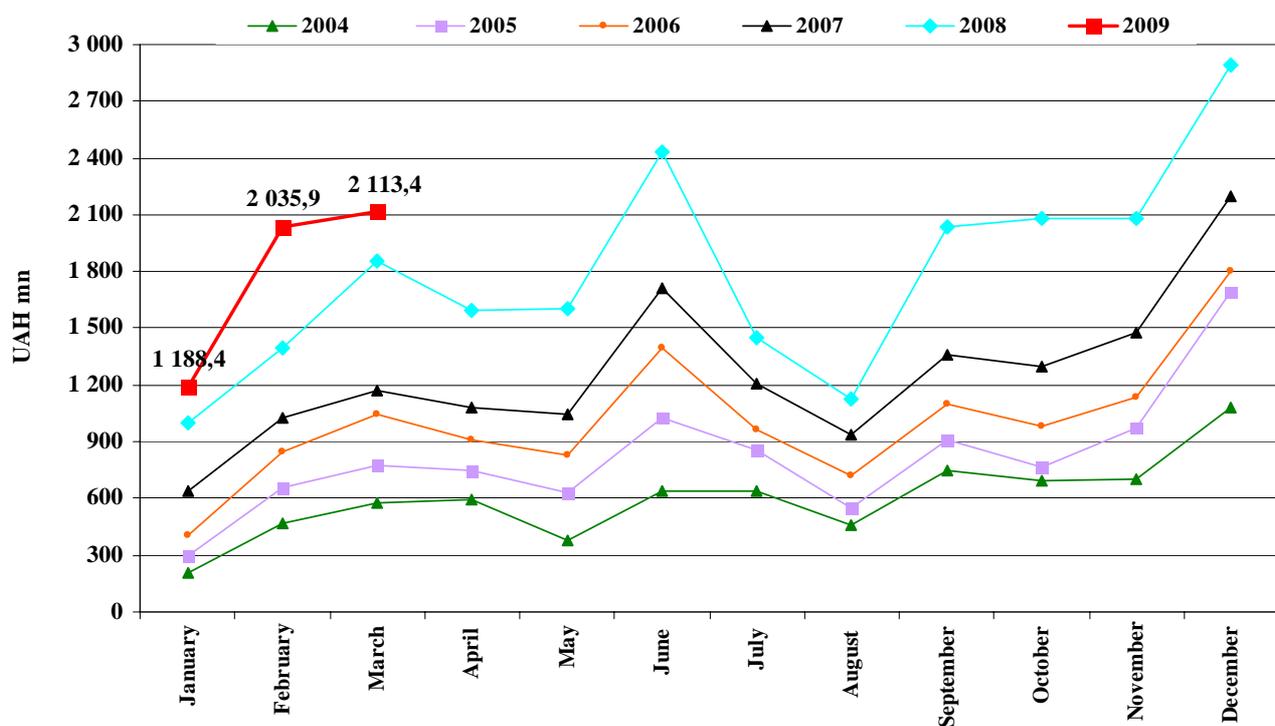
Graph 54

State Budget Expenditures for Spiritual and Physical Development Monthly Trends in 2004-2009



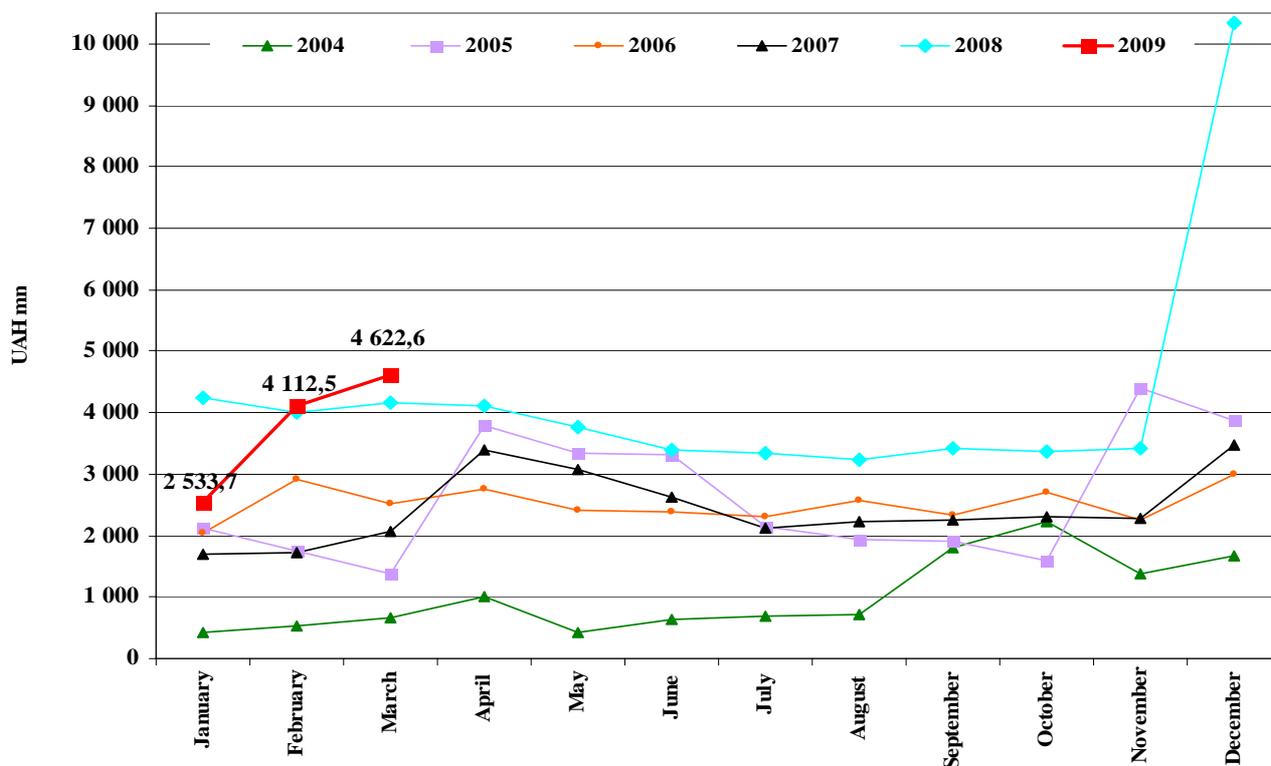
Graph 55

State Budget Expenditures for Education Monthly Trends in 2004-2009



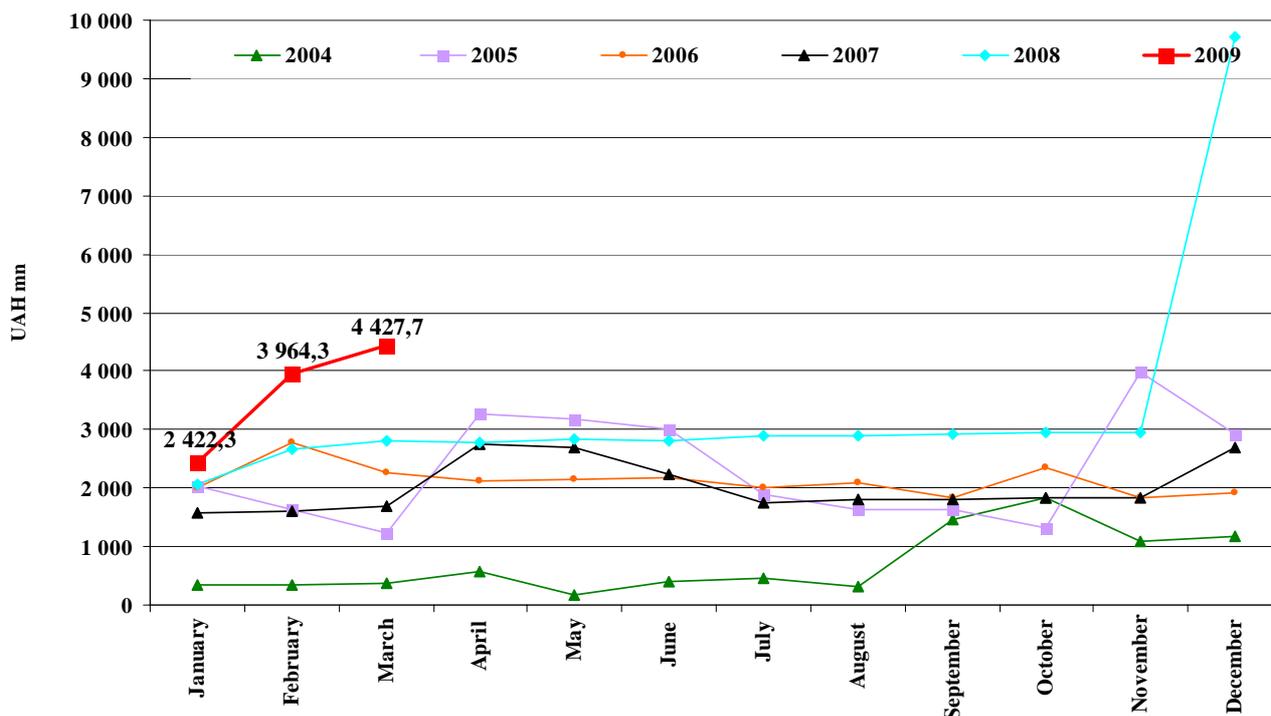
Graph 56

State Budget Expenditures for Social Protection and Social Security Monthly Trends in 2004-2009



Graph 57

State Budget Expenditures for Social Protection of Pensioners Monthly Trends in 2004-2009



Local Budget Expenditures

Graph 58

Total Local Budget Expenditures (Less Intergovernmental Transfers) Monthly Trends in 2004-2009

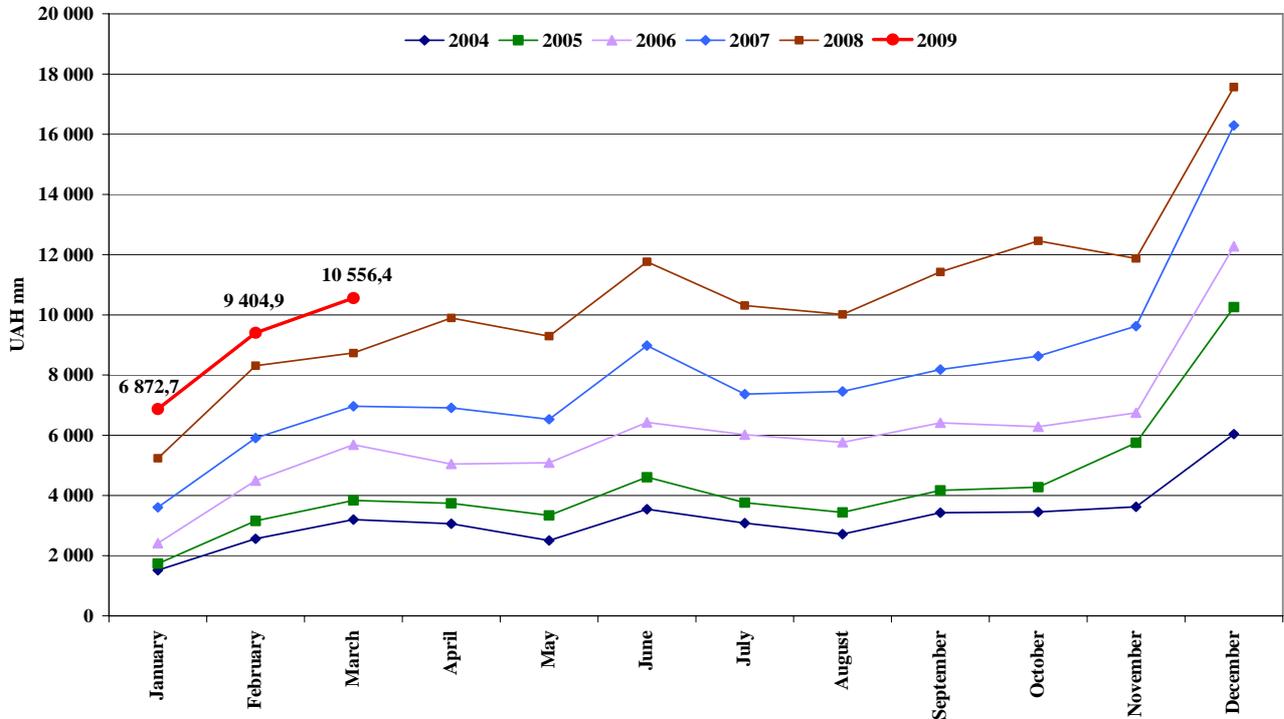
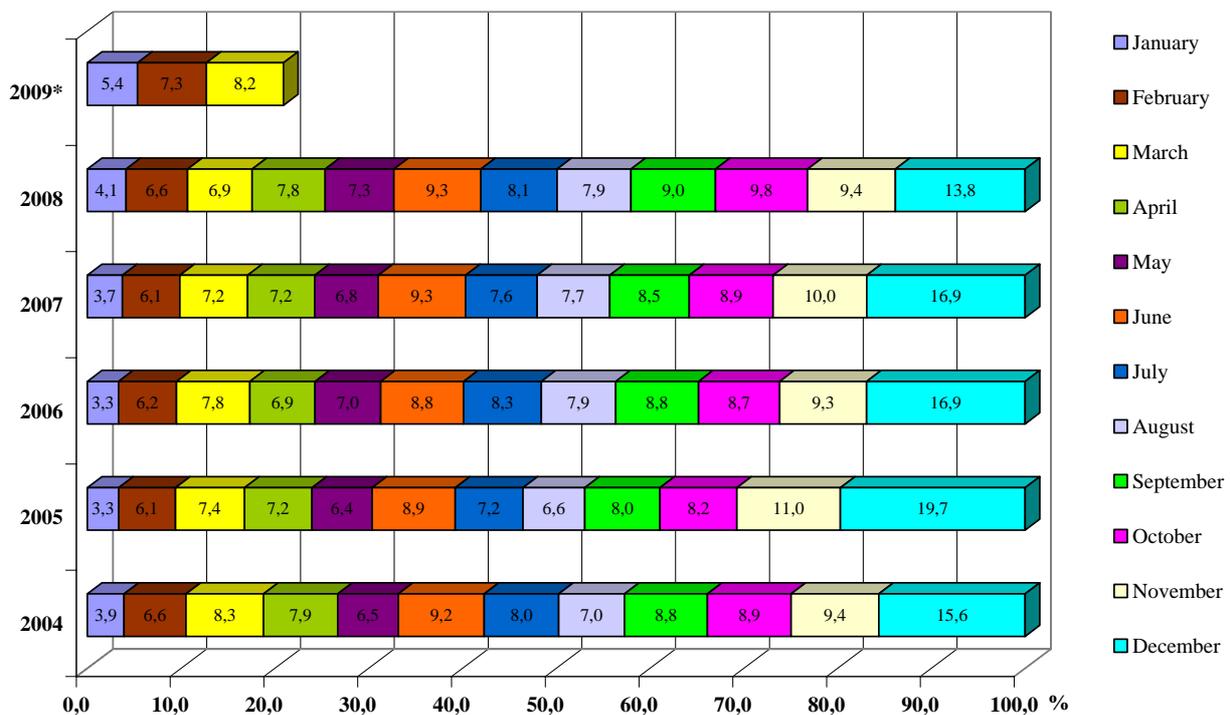


Diagram 24

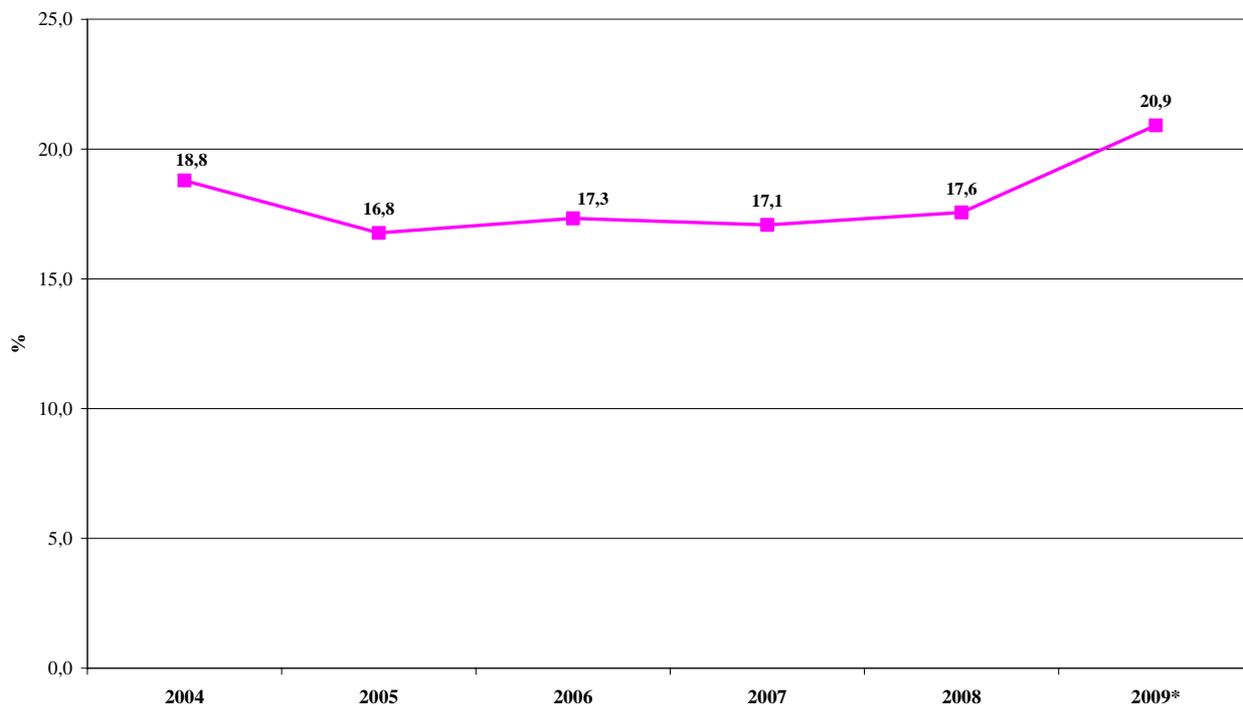
Dynamics of the Share of Local Budget Expenditures in Annual Amounts in 2004-2009



* A share of total expenditures according to the planned annual index

Graph 59

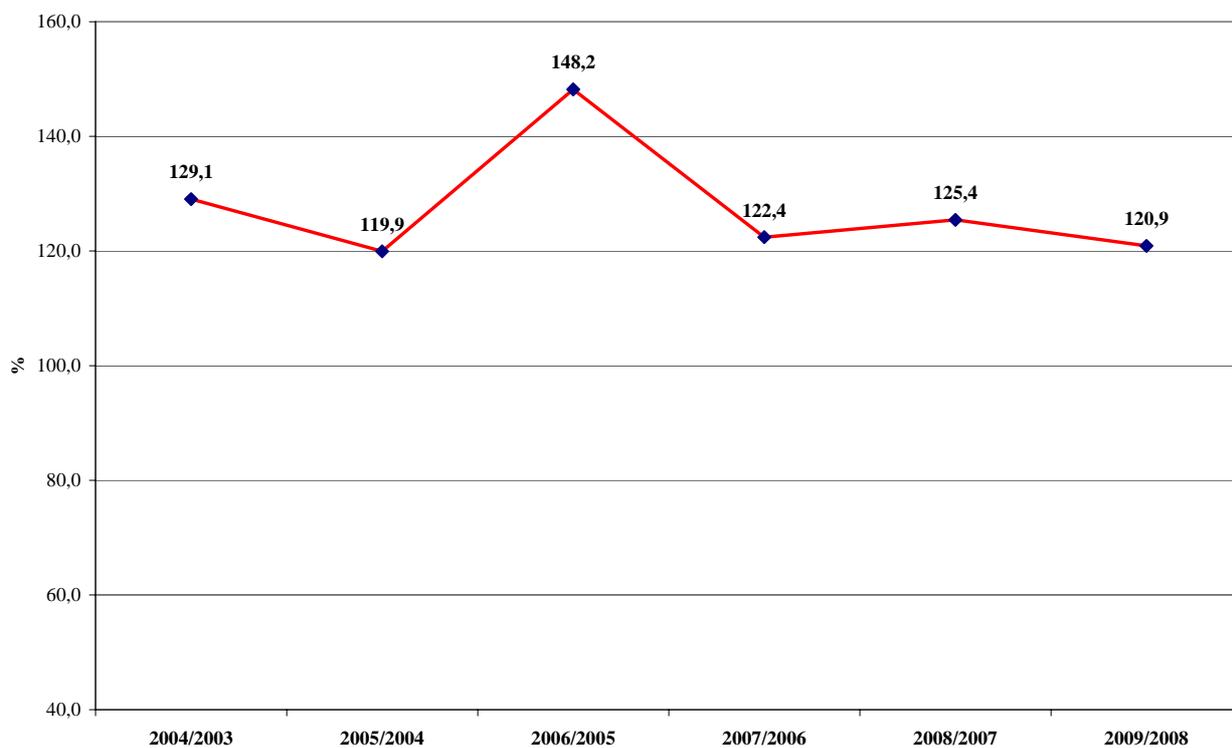
Dynamics of the Share of Local Budget Expenditures in January-March 2004-2009 in Annual Amounts



* A share of total expenditures according to the planned annual index

Graph 60

Growth Rates of Local Budget Expenditures in March 2004-2009



Growth Rates of Local Budget Expenditures in January-March 2004-2009

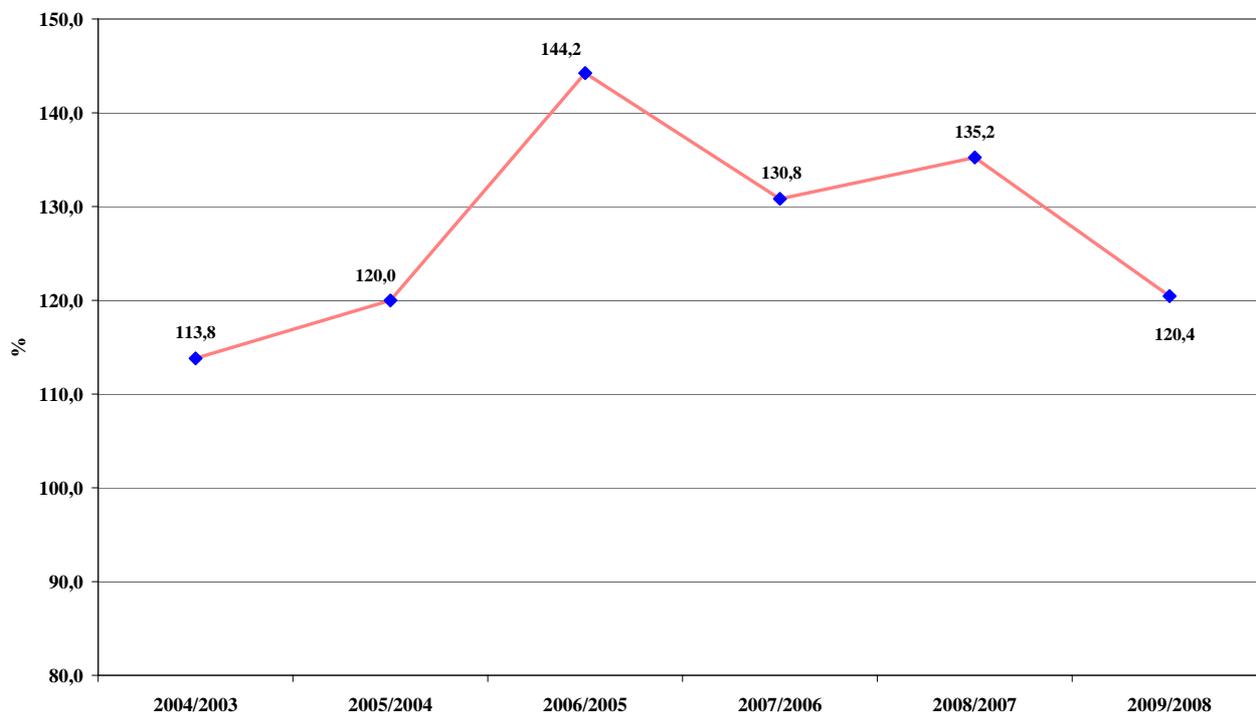


Diagram 25

Structure of Actual Local Budget Expenditures in March 2004-2009

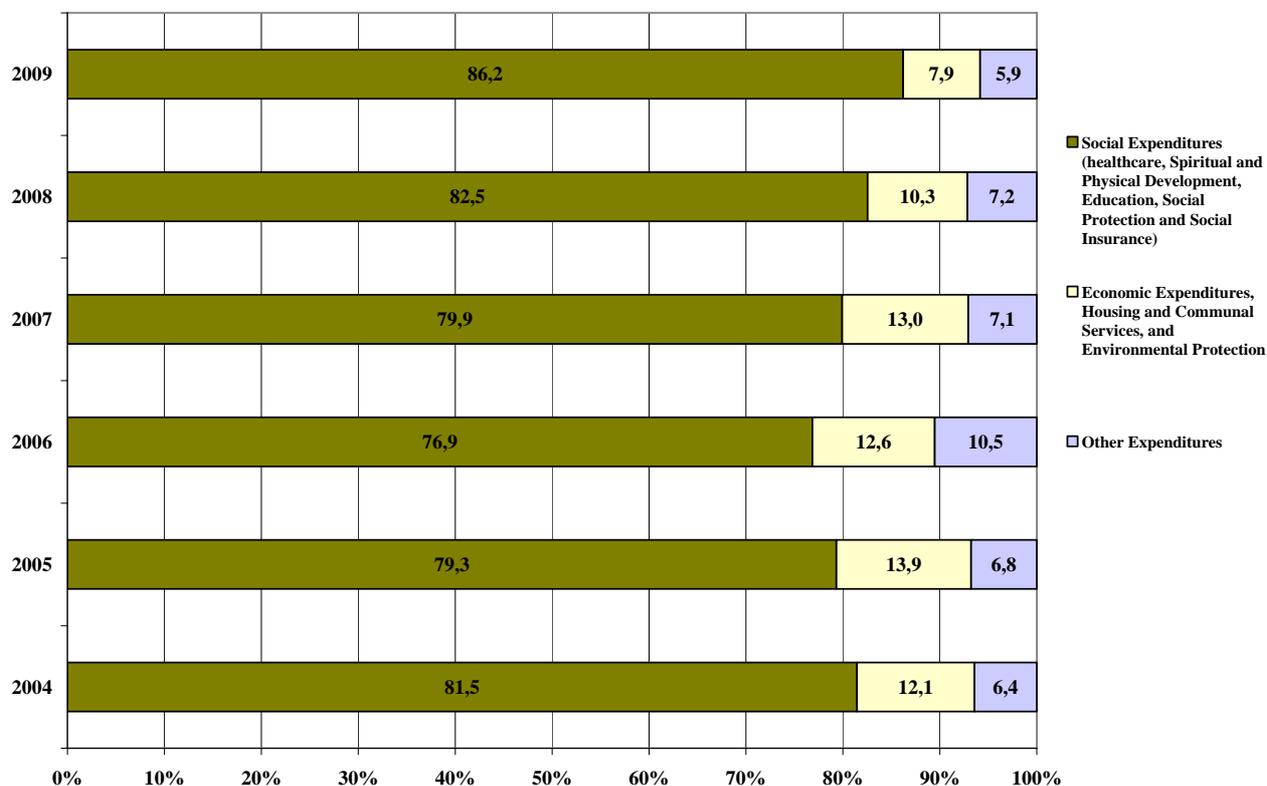
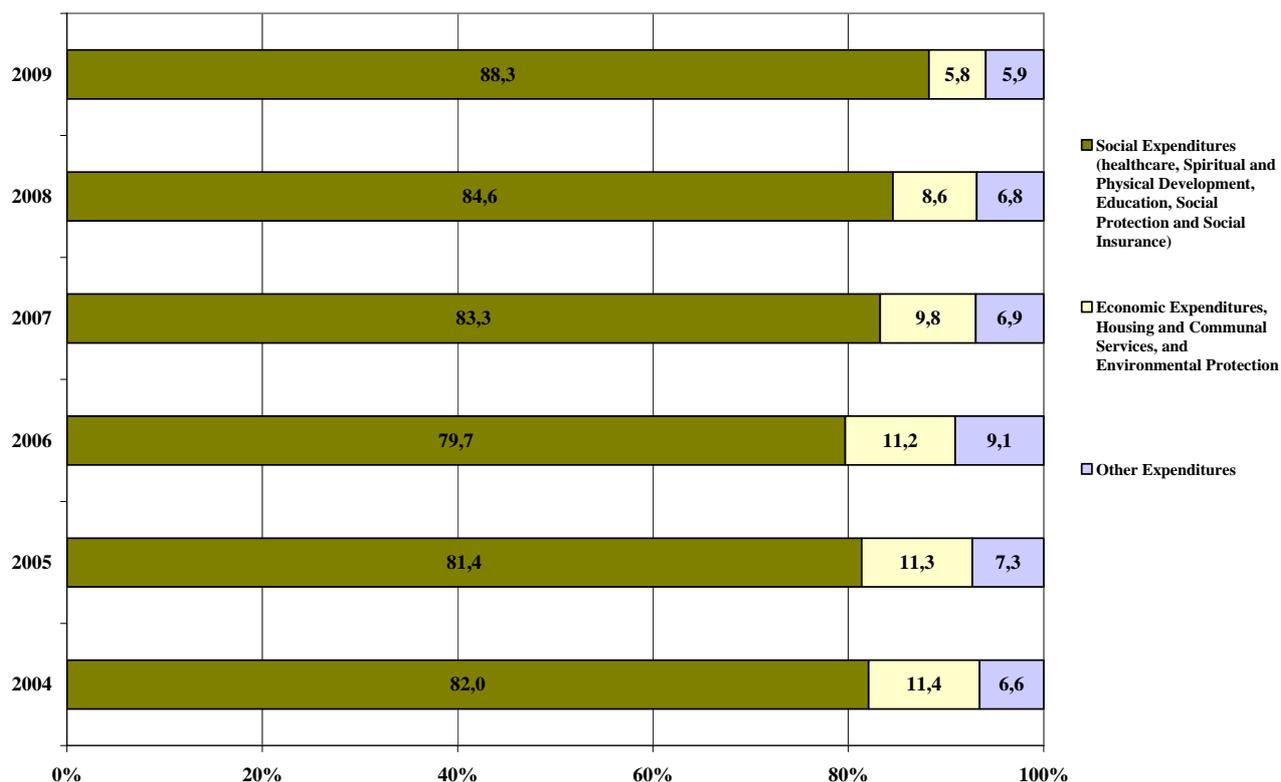


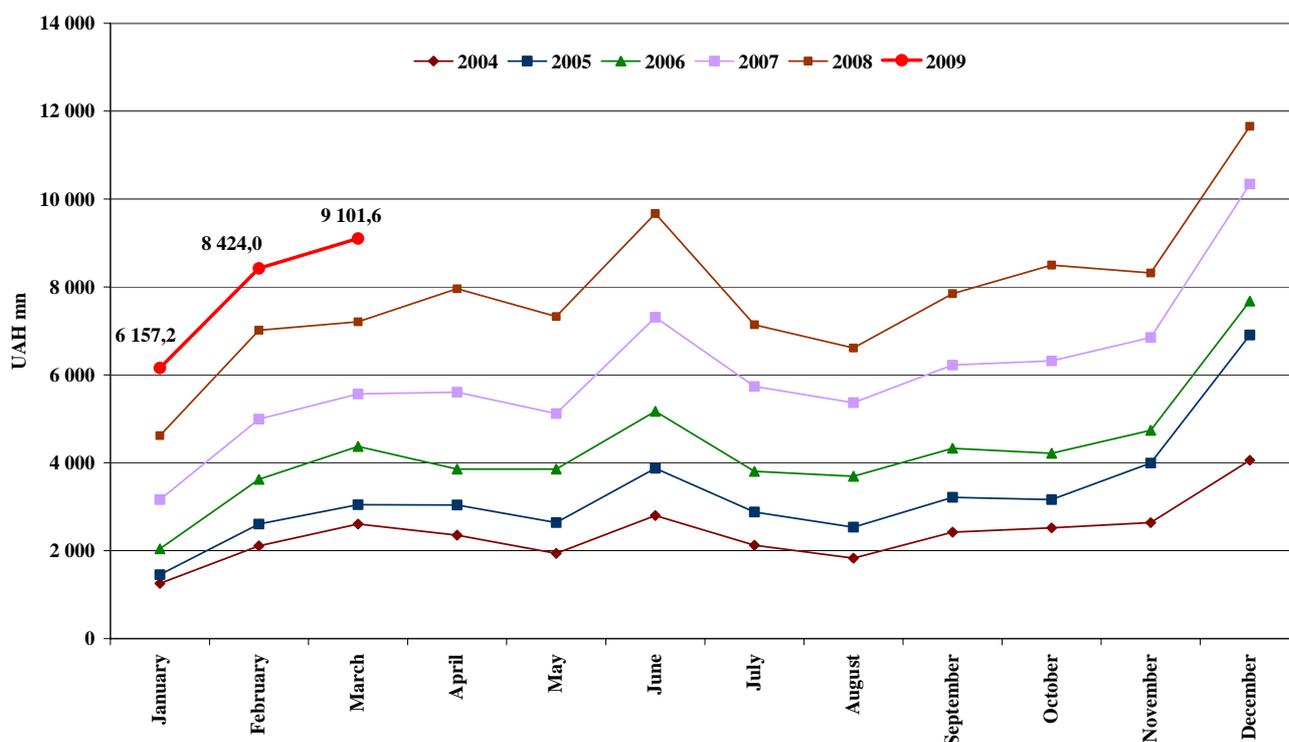
Diagram 26

Structure of Actual Local Budget Expenditures in January-March 2004-2009

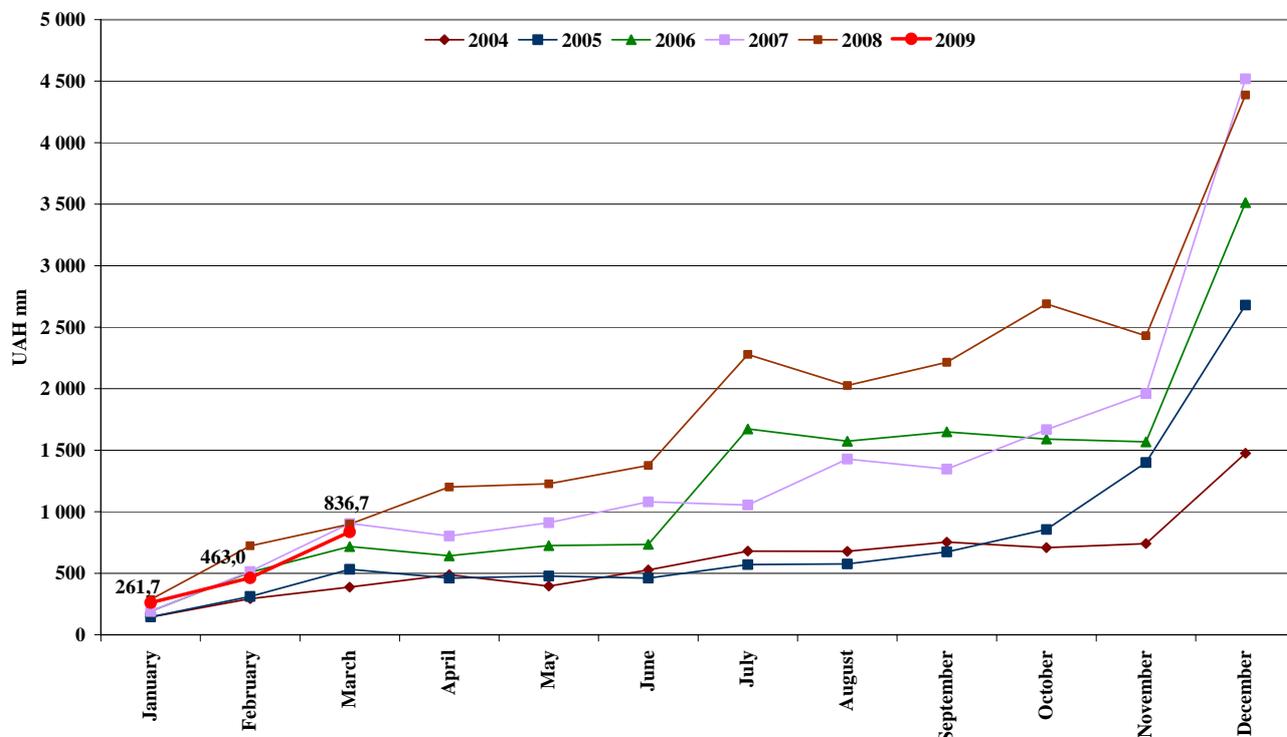


Graph 62

Local Budget Social Expenditures (Healthcare, Education, Spiritual and Physical Development, Social Protection and Social Security) Monthly Trends in 2004-2009



Local Budget Social Expenditures for Economic Activities, Housing and Communal Sector, and Environmental Protection Monthly Trends in 2004-2009



Other Local Budget Expenditures Monthly Trends in 2004-2009

