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INITIATIVE (MFSI-II) ROLL-OUT**

Monthly Monitoring of Main Indicators of the Budget System of Ukraine as of June 1, 2012

The Monitoring of Main Indicators of Budget System of Ukraine is a monthly publication prepared based on the data of official statistics. It contains a brief analysis and selections of graphs and charts illustrating the main changes occurring in the budget system of Ukraine.

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Contents

Monitoring of the Execution of the Consolidated, State and Local Budgets in Ukraine	4
State Budget Revenues	6
Local Budget Revenues	11
State Budget Deficit	14
Consolidated Budget Expenditures	17
State Budget Expenditures	19
Local Budget Expenditures	30

Monitoring of the Execution of the Consolidated, State and Local Budgets in Ukraine

- **Consolidated and State budget revenues** in January through May 2012 amounted to more than one third of the annual plan (36.8% and 36.3%, respectively), which is in line with the level of budget execution during the previous five years. This could indicate a high probability of the annual plan being fulfilled this year.

Special features of budget execution in May 2012 include an increase in the general revenues of the State budget, mainly, due to higher VAT intake (+34.4%). Notably, growth is noted both for “internal” VAT and VAT paid on imported goods. At the same time, May revenues from the enterprise profit tax decreased by UAH 1.4bn or by 13.8% year-on-year, which is due to reducing the tax rate from 23% to 21%.

Budget execution in 2012 is also characterized by a substantial slowing down in the rate of growth of tax revenues. As such, the VAT revenue growth rate decreased from 30.5% in 2011 to 10.4% this year, enterprise profit tax revenue growth dropped from 56.9% to 10.7%, the growth of revenue on foreign trade and international transactions fell from 34.4% to 29.3% etc.

- **The expenditures of the Consolidated budget of Ukraine** totaled UAH 38.7bn in May 2012, which is 19.4% more year-on-year.

Compared to similar indicators of 2011, expenditures of the consolidated budget increased for nearly all items, except for expenditures for social protection and social security as well as the housing and communal services sector, which decreased by 3.3% and 3.4%, respectively.

The highest growth was recorded for expenditures for the protection of the natural environment (by 81.3% against May 2011). Significant growth was demonstrated for expenditures for spiritual and physical development (by 55.6%), economic activity (by 50.6%), defense (by 44.6%), healthcare (by 31.2%), education (by 29.1%), and public order, security, and judiciary (by 22.0%).

- **The actual expenditures of the State budget of Ukraine** totaled UAH 30.9bn, which is 7.4% more year-on-year.

In terms of the **functional classification of expenditures**, the following trends were observed compared to May 2011:

- expenditures for general government functions increased by 9.8% and totaled UAH 3.3bn;
- expenditures for defense increased by 44.6% and totaled UAH 1.2bn;
- expenditures for public order, security, and judiciary increased by 22.3% and totaled UAH 2.9bn;
- expenditures for economic activity increased more than by half compared to May 2011 (51.5%) and totaled UAH 4.5bn;
- expenditures for environmental protection increased by 77.3% to UAH 294.2mn;
- expenditures for housing and communal services grew significantly (nearly doubling) to UAH 4.3mn;
- expenditures for healthcare increased by 41.2% year-on-year and totaled UAH 738.1mn.
- expenditures for the spiritual and physical development increased by 124.8% and amounted to UAH 466.0mn;
- expenditures for education increased by 21.2% and totaled UAH 2.5bn;

- expenditures for social protection and social security decreased by 5.4% and amounted to UAH 6.3bn.

The State budget provided UAH 808.8mn for covering the Pension Fund deficit, which is 3.7 times less than in May 2011.

- The State budget received UAH 113.9mn in **repaid credits** in May 2012, including remittances to the General Fund of the State budget at the amount of UAH 74.9mn.

The State budget **issued** a total of UAH 675.4mn in **credits** in the period under review.

The State budget had a surplus of UAH 843.9mn in May 2012, which is 64.8% less than the surplus in May 2011.

The State budget debt principal was repaid at the amount of UAH 3.7bn or 60.0% more year-on-year. The internal debt repayment totaled UAH 3.4bn, and external debt repayment totaled UAH 280.4mn.

The State budget borrowing totaled UAH 7.3bn, including UAH 7.2bn borrowed for the General Fund of the State budget. Internal market borrowing totaled UAH 7.2bn, and borrowing from external sources totaled UAH 132.2mn.

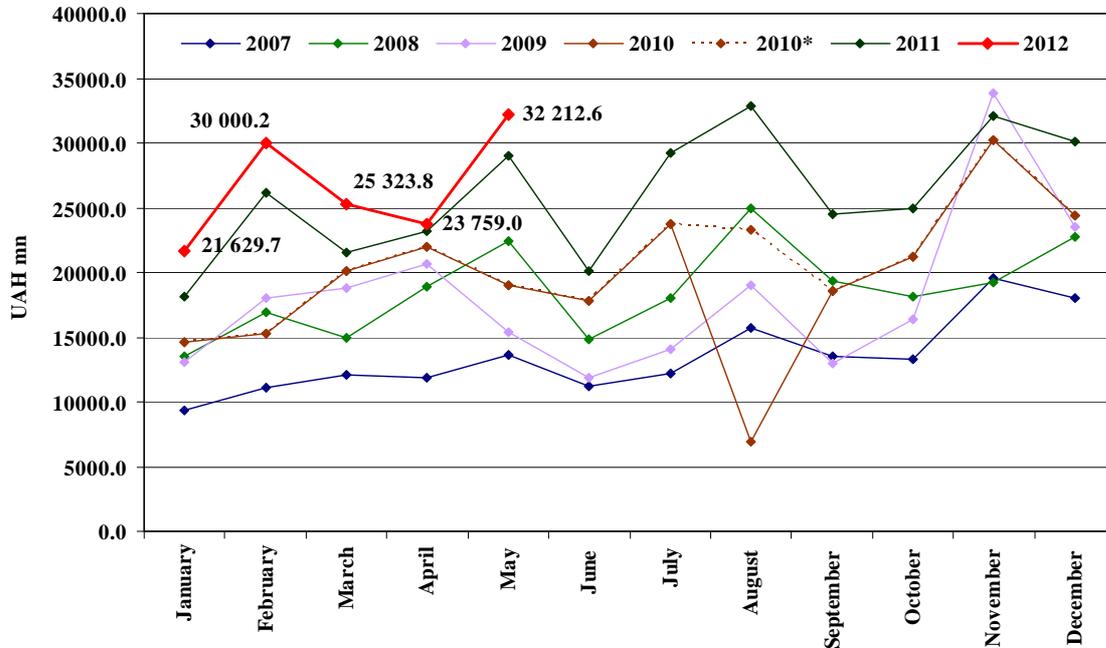
The State budget received UAH 321.2mn from the privatization of State property.

- **The total local budget revenues (without intergovernmental transfers)** amounted to UAH 8.6bn in May 2012, which is 21.6% more than the respective indicator of 2011. The General Fund of local budgets received UAH 6.7bn and Special Fund received UAH 1.9bn. The highest year-on-year growth by region was observed in Kherson Oblast (+34.1%). The lowest figure was recorded in Kyiv Oblast with a growth of 5.1%.
- **Expenditures of local budgets (without intergovernmental transfers)** increased by 21.4% and reached UAH 16.5bn in May 2012. The General Fund expenditures of local budgets totaled UAH 14.7bn and Special Fund expenditures totaled nearly UAH 1.8bn. The highest growth rate year-on-year by region was observed in the city of Sevastopol (+31.7%). The lowest figures were recorded for the Rivne and Zaporizhzhya oblast budgets, where growth amounted to +12.1% and 12.9%, respectively.

State Budget Revenue

Graph 1

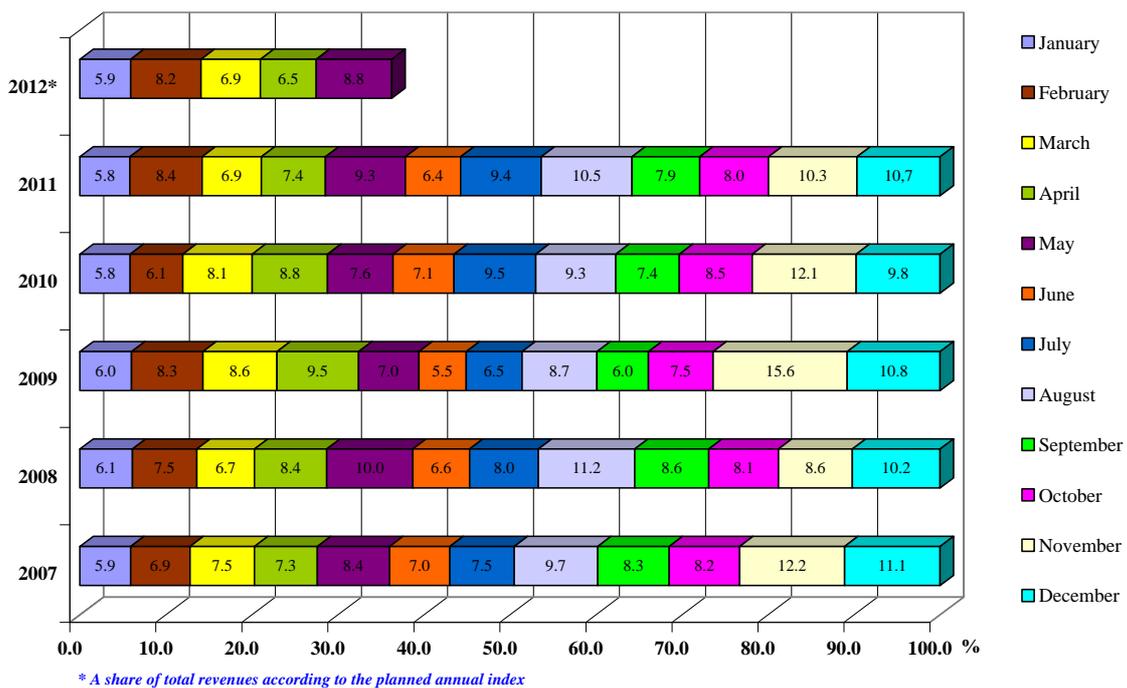
State Budget Total Revenue Monthly Trends in 2007–2012 (Less Intergovernmental Transfers)



*excluding the amount of VAT reimbursement debt of Hr 16.4bn

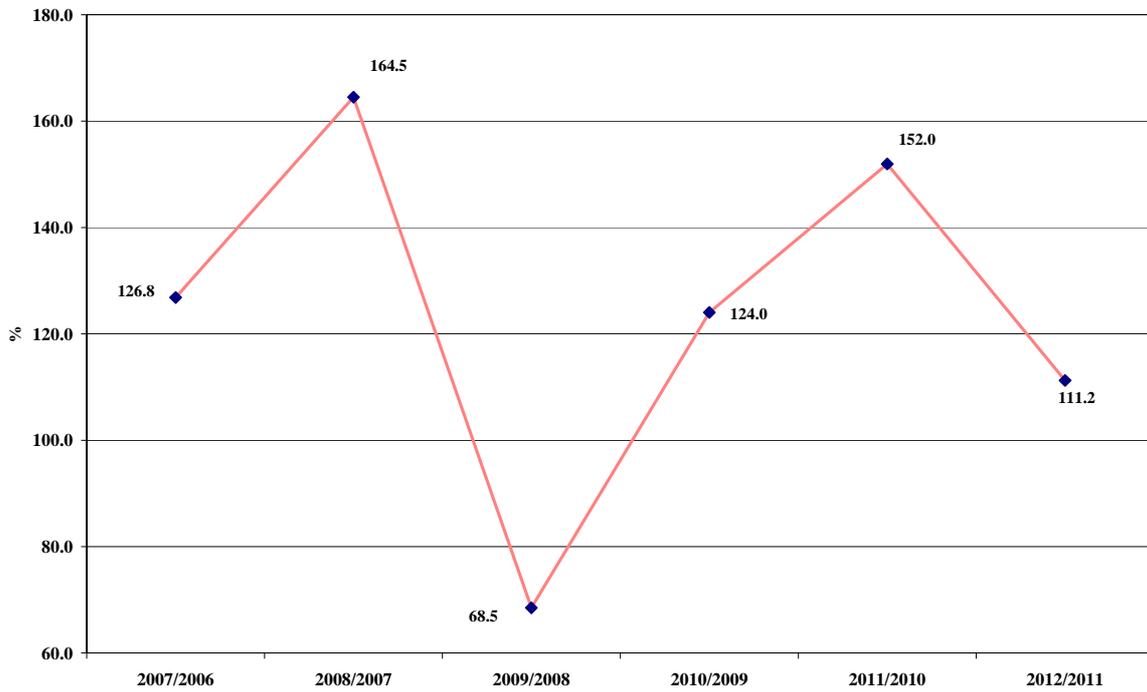
Diagram 1

Dynamics of the Share of Ukraine's State Budget Revenue in Annual Amounts in 2007–2012



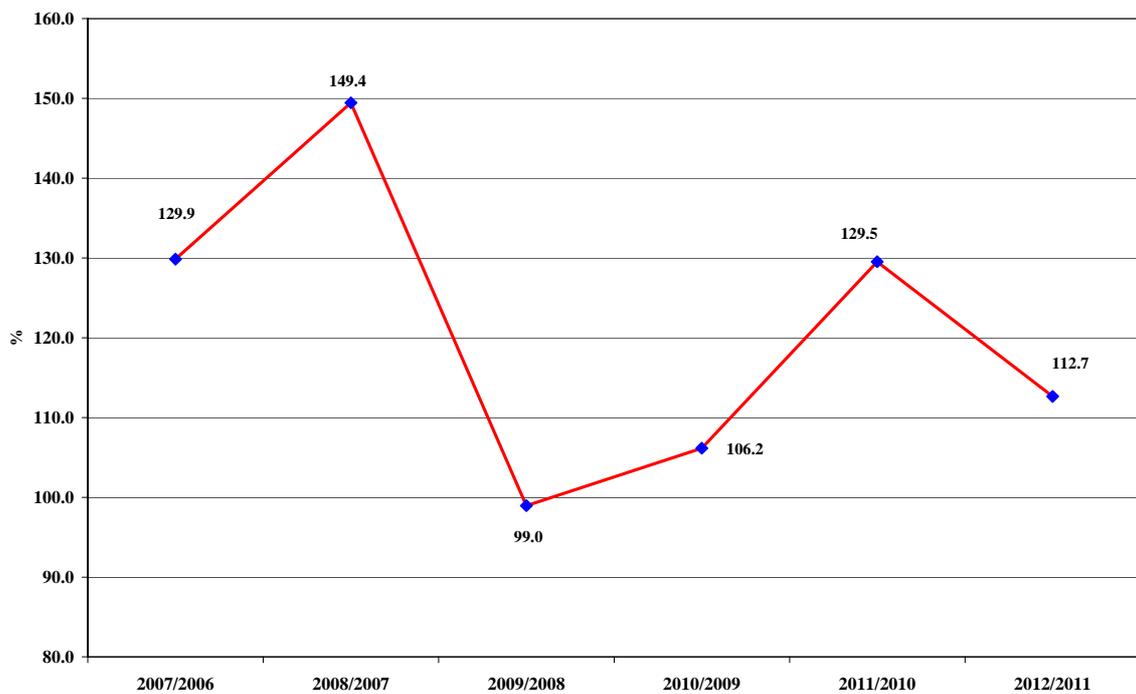
Graph 2

Growth Rates of Ukraine's State Budget Revenue in May 2007–2012



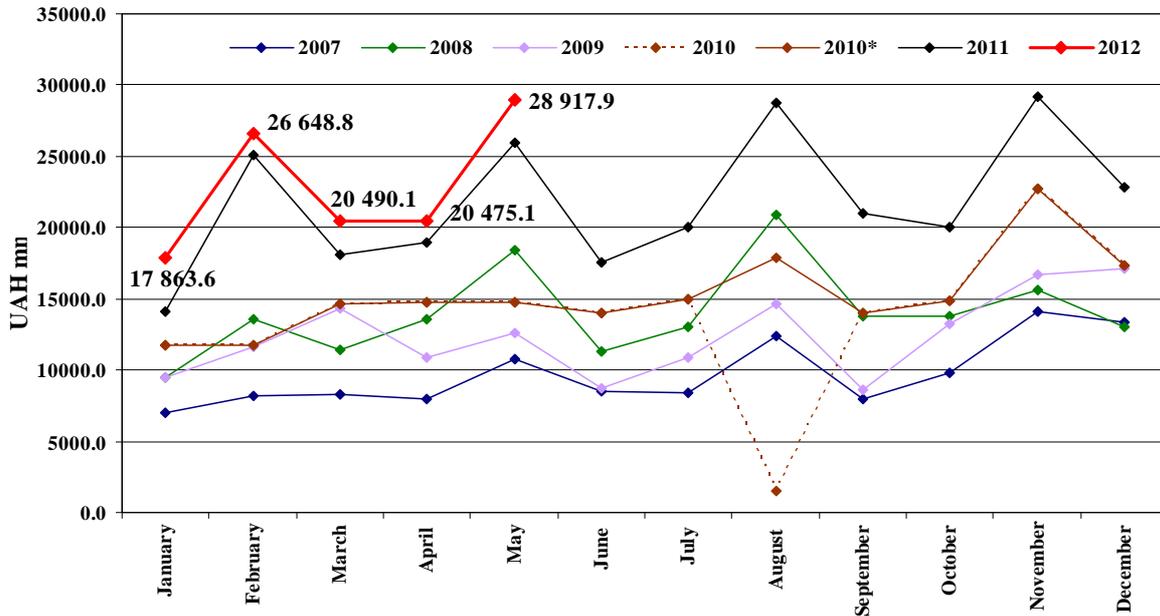
Graph 3

Growth Rates of Ukraine's State Budget Revenue in January-May 2007-2012



Graph 4

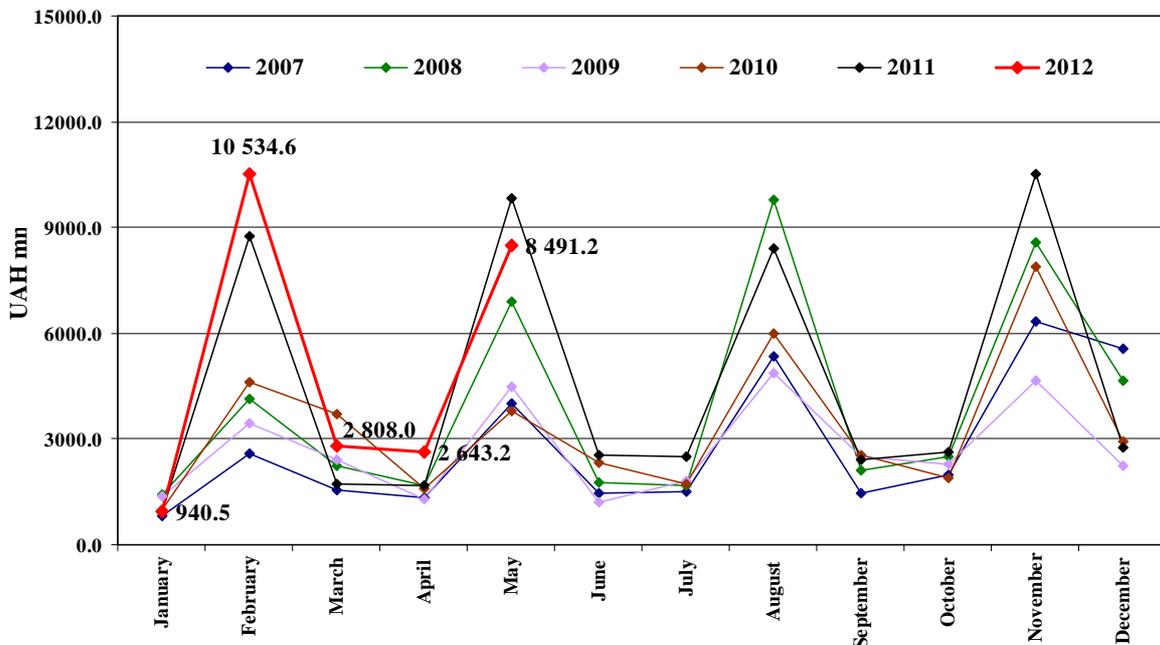
State Budget Tax Revenue Monthly Trends in 2007–2012



*excluding the amount of VAT reimbursement debt of Hr 16.4bn

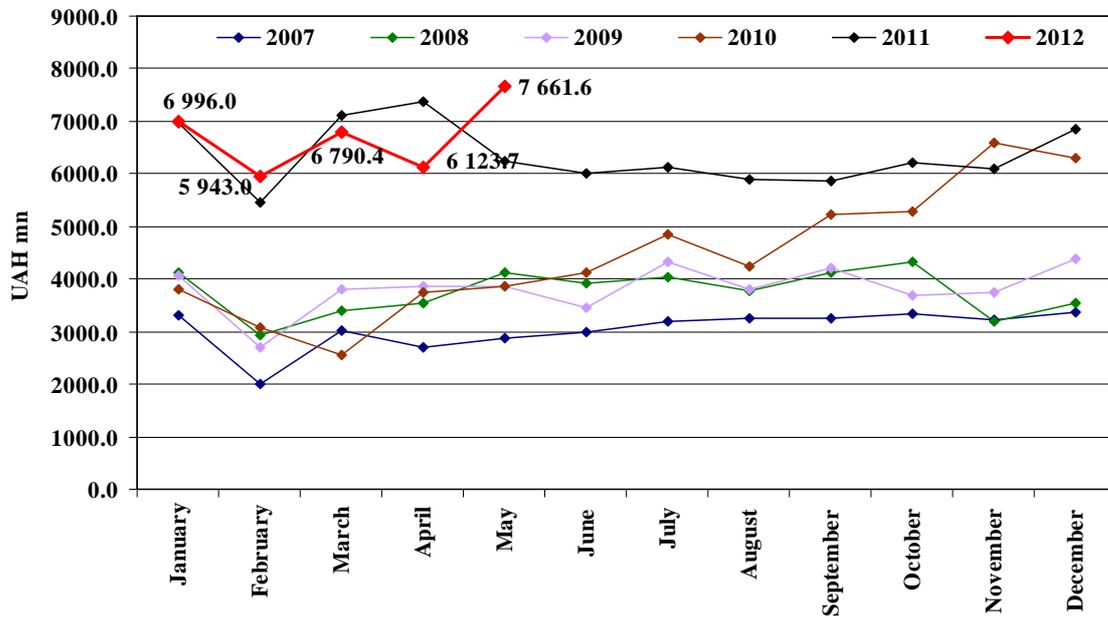
Graph 5

State Budget Enterprise Profit Tax Monthly Trends in 2007–2012



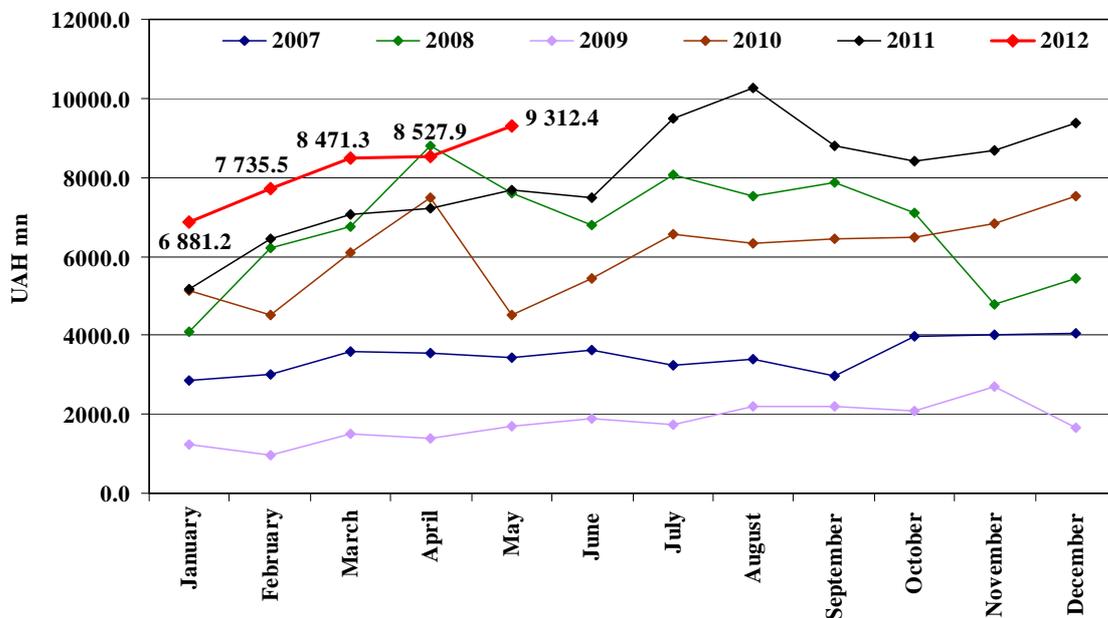
Graph 6

Dynamics of Monthly State Budget Revenue from VAT on Goods (Works, Services) Produced in Ukraine in 2007–2012

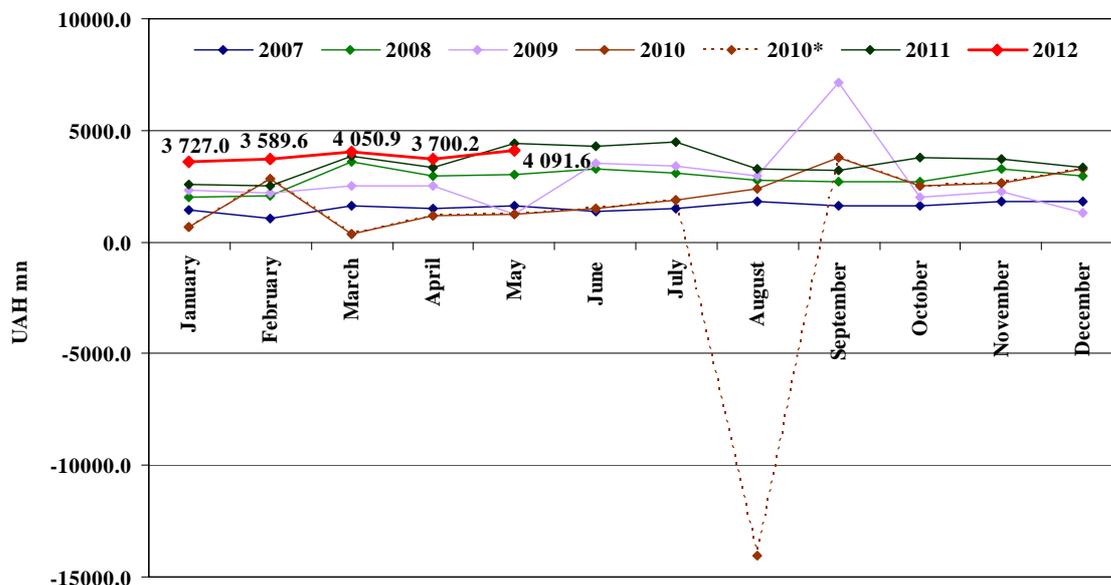


Graph 7

Dynamics of Monthly State Budget Revenue from VAT on Goods Imported into Ukraine in 2007–2012

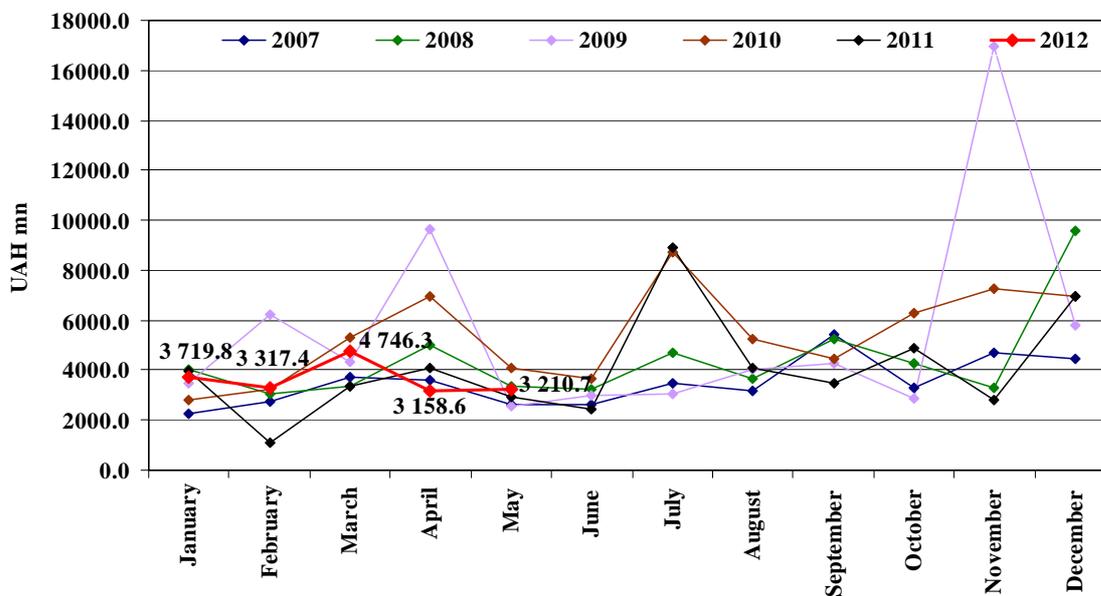


Dynamics of Monthly VAT Refunds from the State Budget in 2007–2012



*excluding the amount of VAT reimbursement debt of Hr 16.4bn.

State Budget Non-tax Revenue Monthly Trends in 2007–2012



Local Budget Revenue

Graph 10

Local Budget Revenue Monthly Trends (Less Intergovernmental Transfers) in 2007–2012

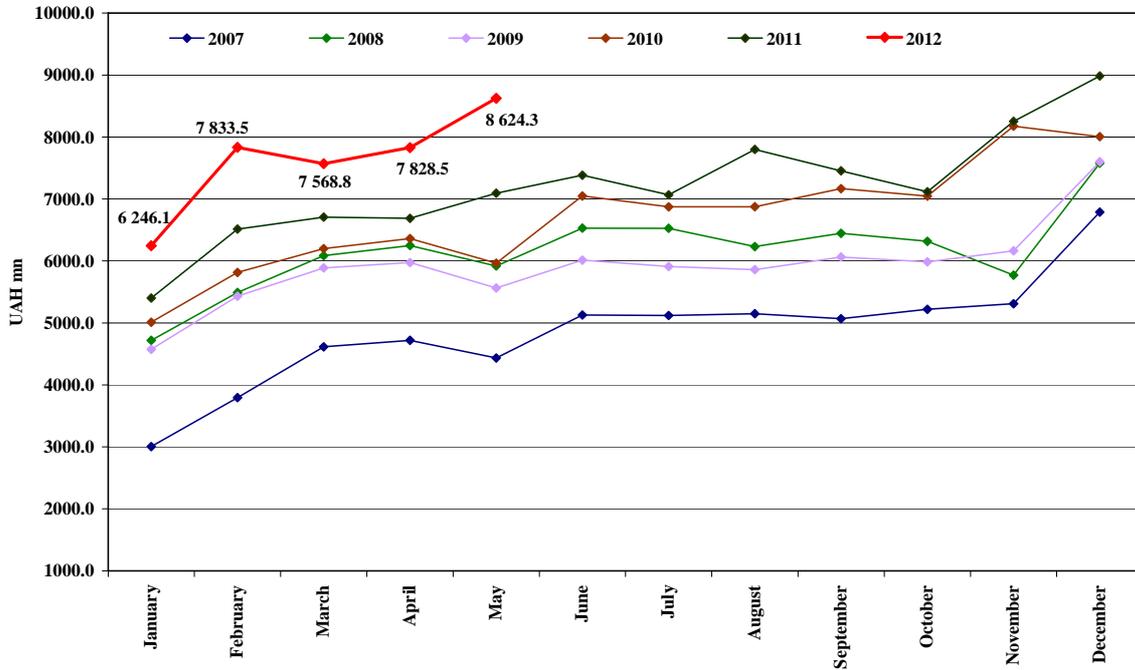
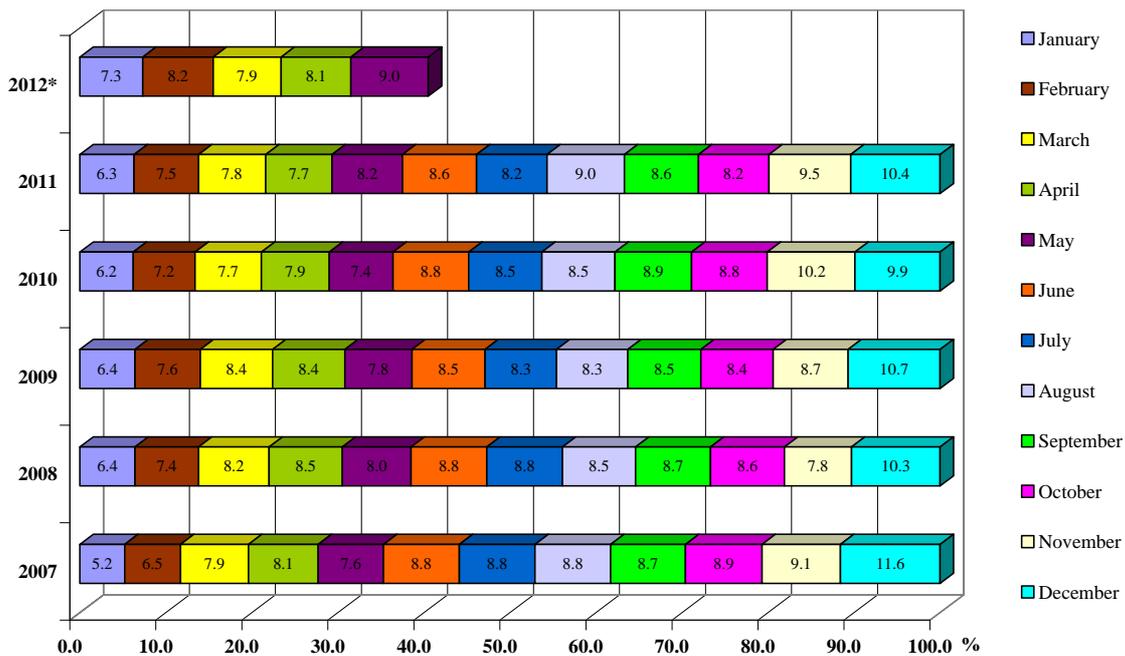


Diagram 2

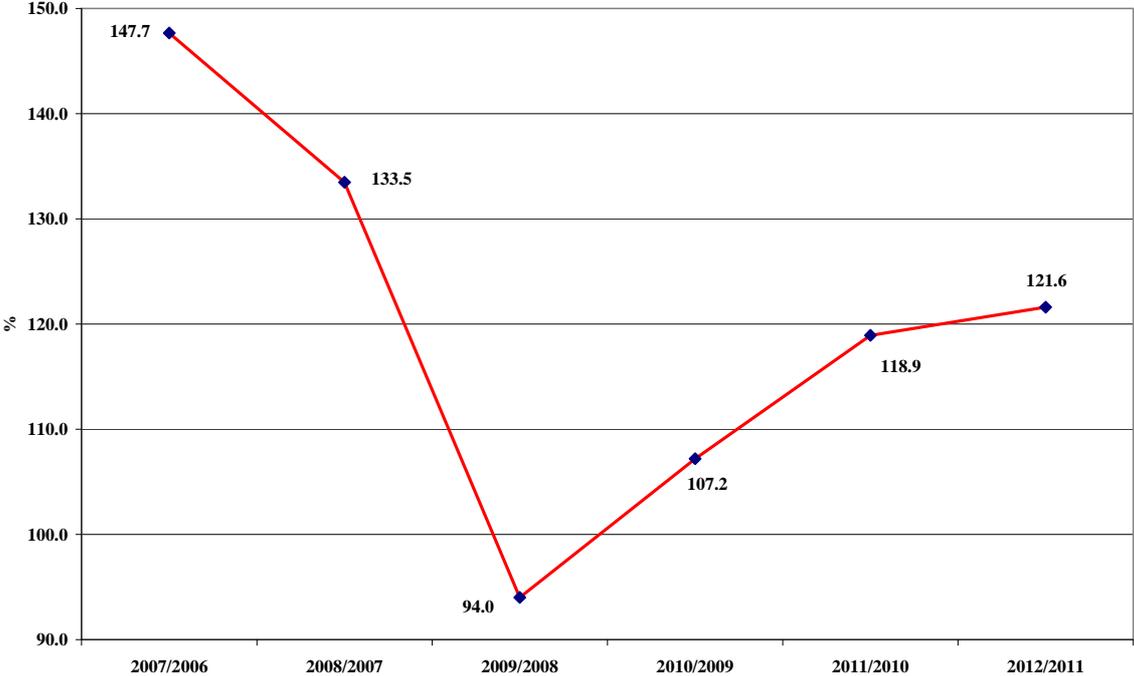
Dynamics of the Share of Local Budget Revenue in Annual Amounts in 2007–2012



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

Graph 11

Growth Rates of Local Budget Revenue in May 2007–2012



Graph 12

Growth Rates of Local Budget Revenue in January-May 2007-2012

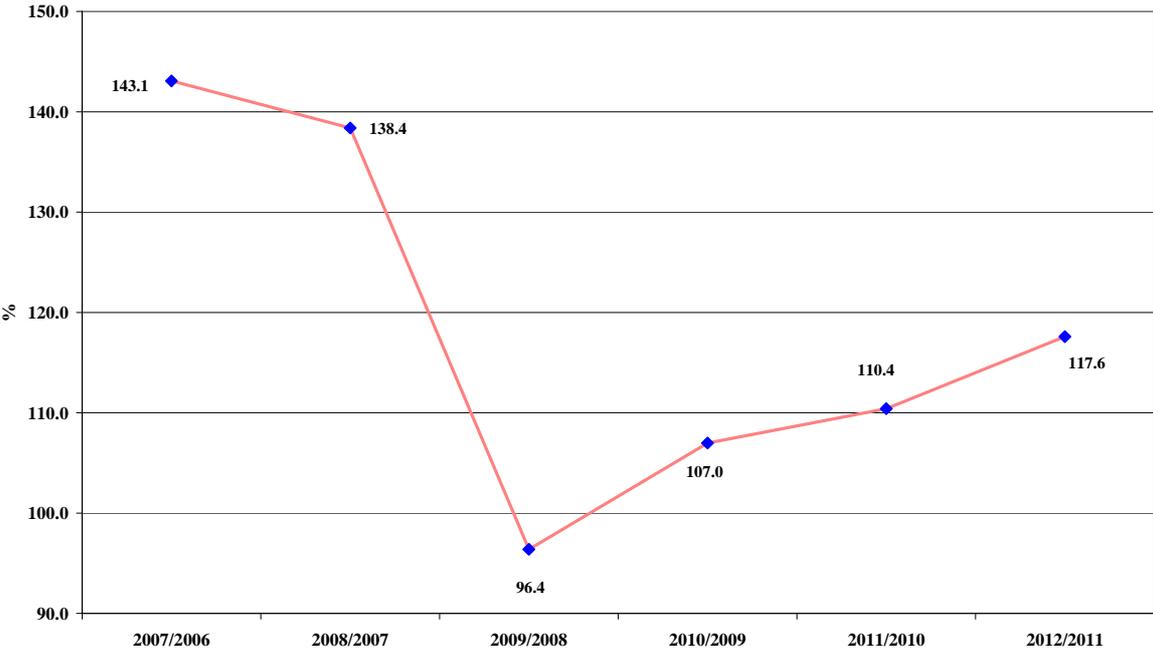
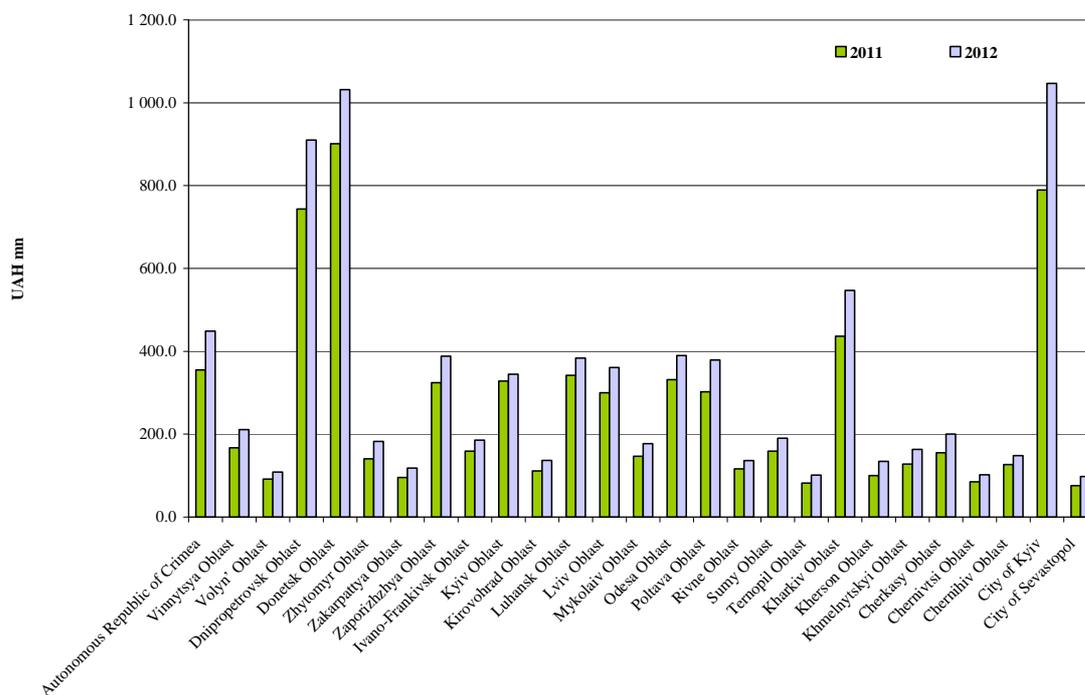


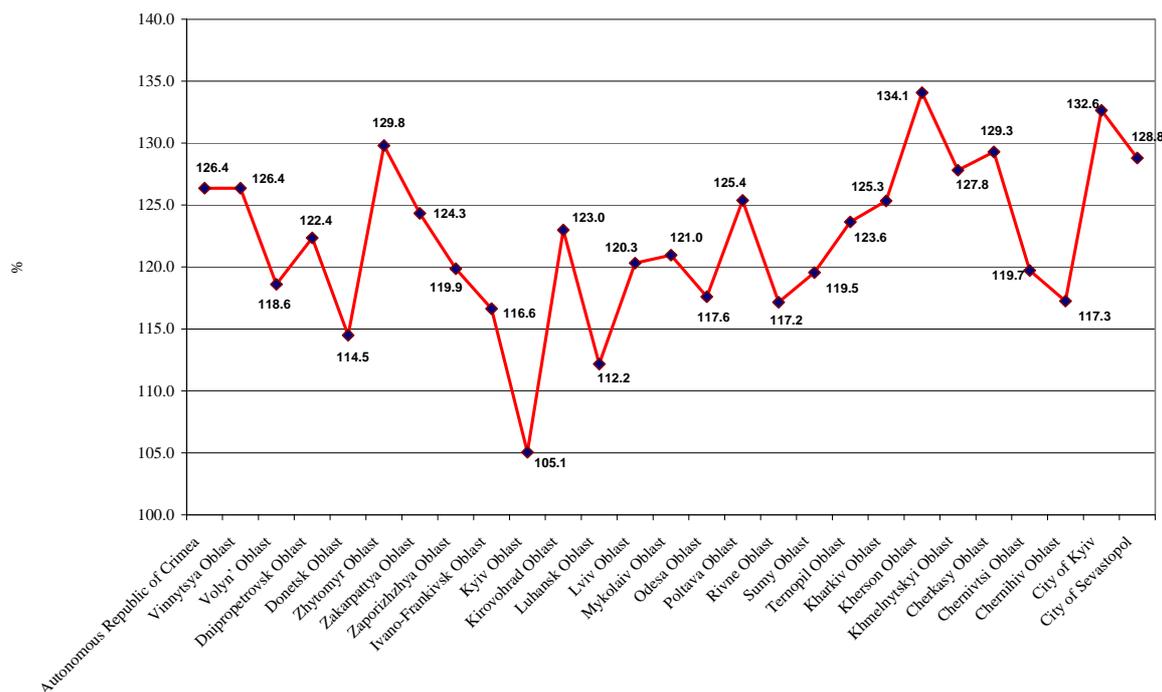
Diagram 3

Regional Distribution of Local Budget Revenue in May 2011–2012



Graph 13

Local Budget Revenues Growth Rate by Region in May 2012 (% vs. previous year)



State Budget Deficit

Diagram 4

Budget Deficit/Surplus, Monthly Trends in 2007

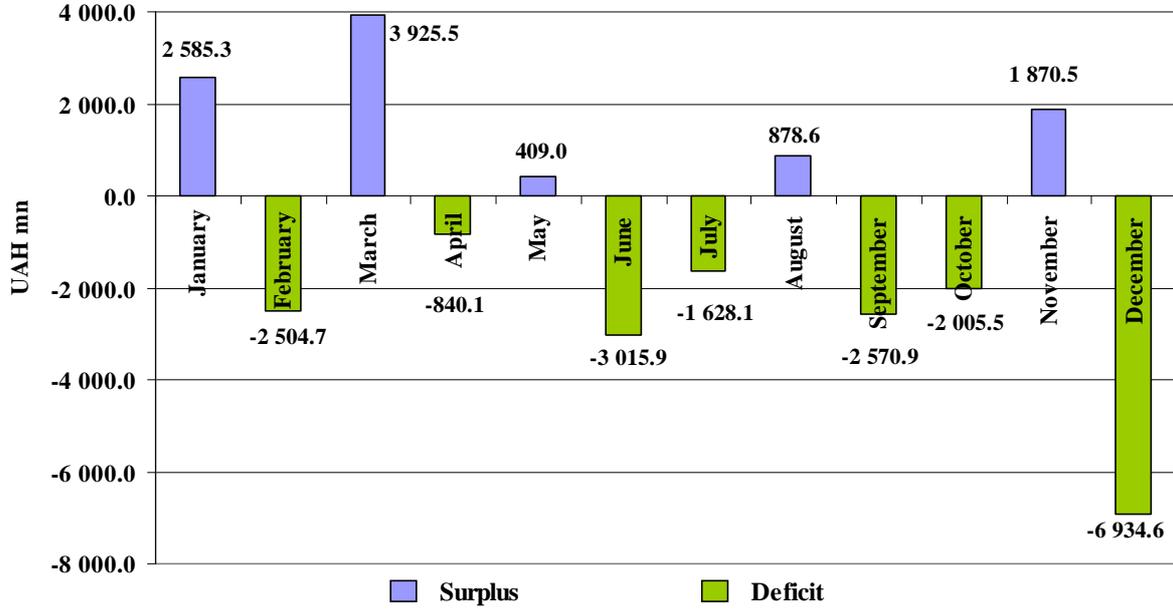


Diagram 5

Budget Deficit/Surplus, Monthly Trends in 2008

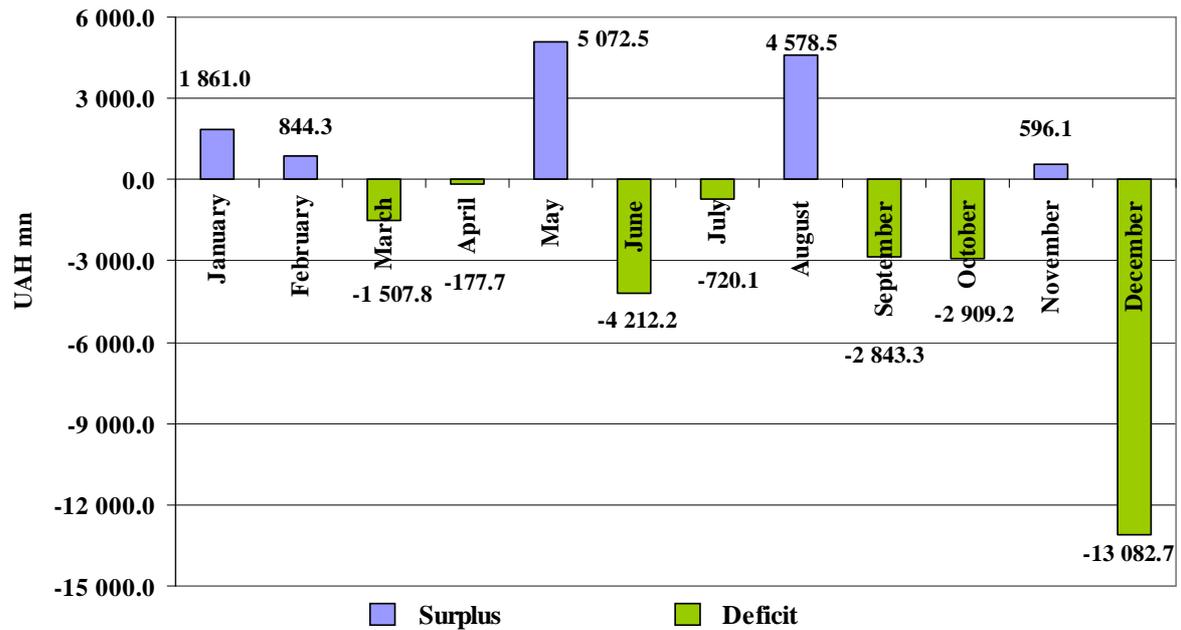


Diagram 6

Budget Deficit/Surplus, Monthly Trends in 2009

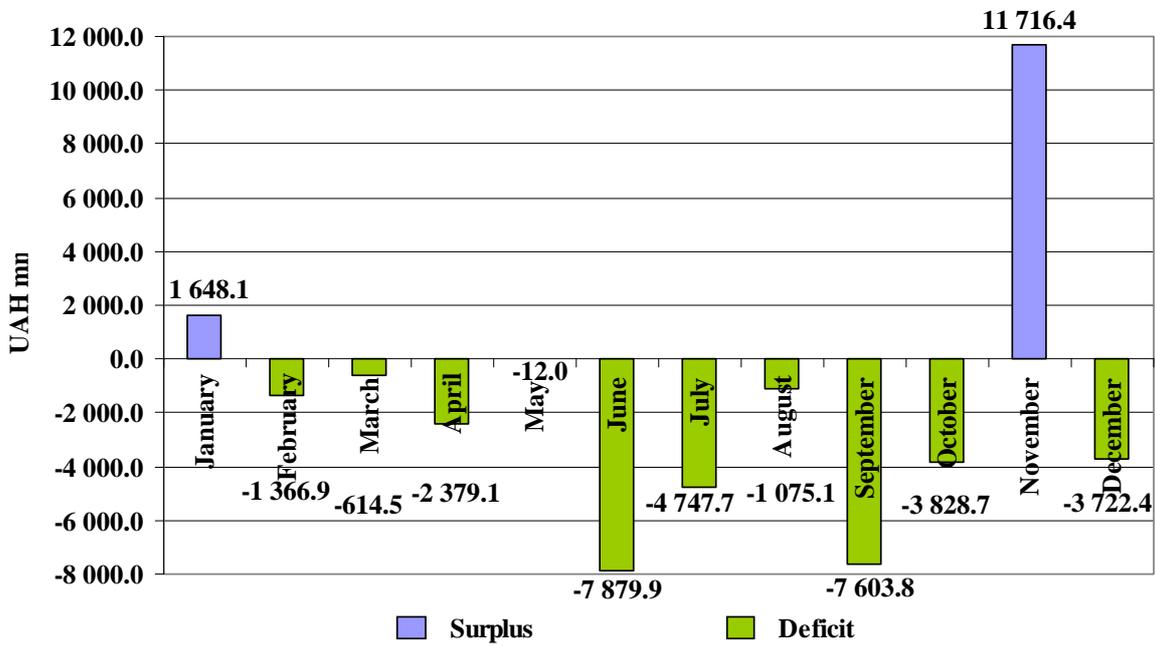


Diagram 7

Budget Deficit/Surplus, Monthly Trends in 2010

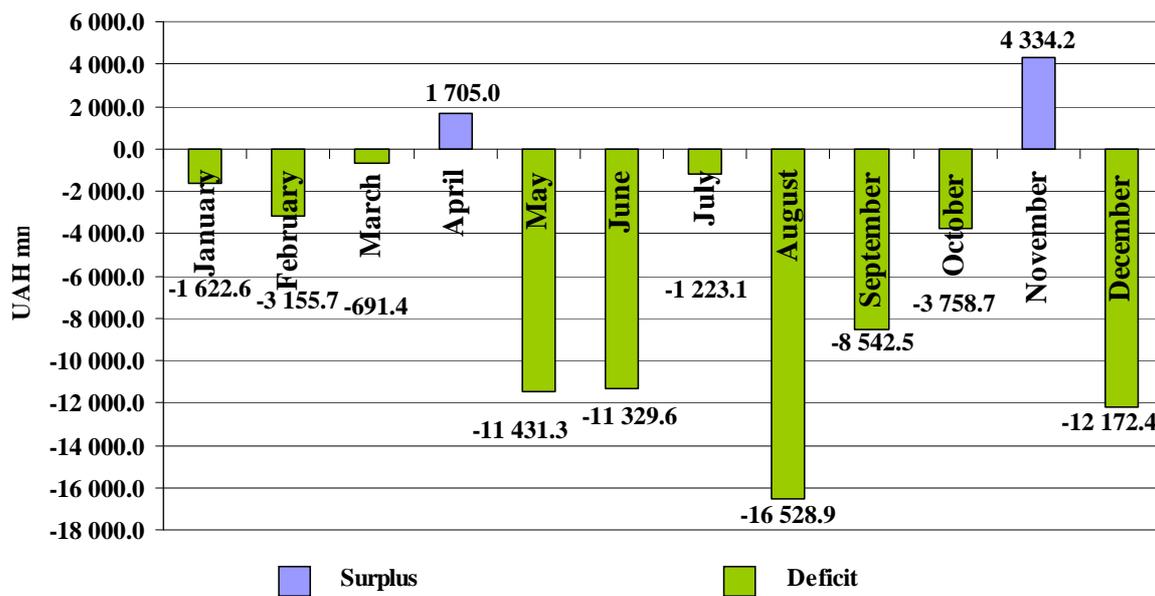


Diagram 8

Budget Deficit/Surplus, Monthly Trends in 2011

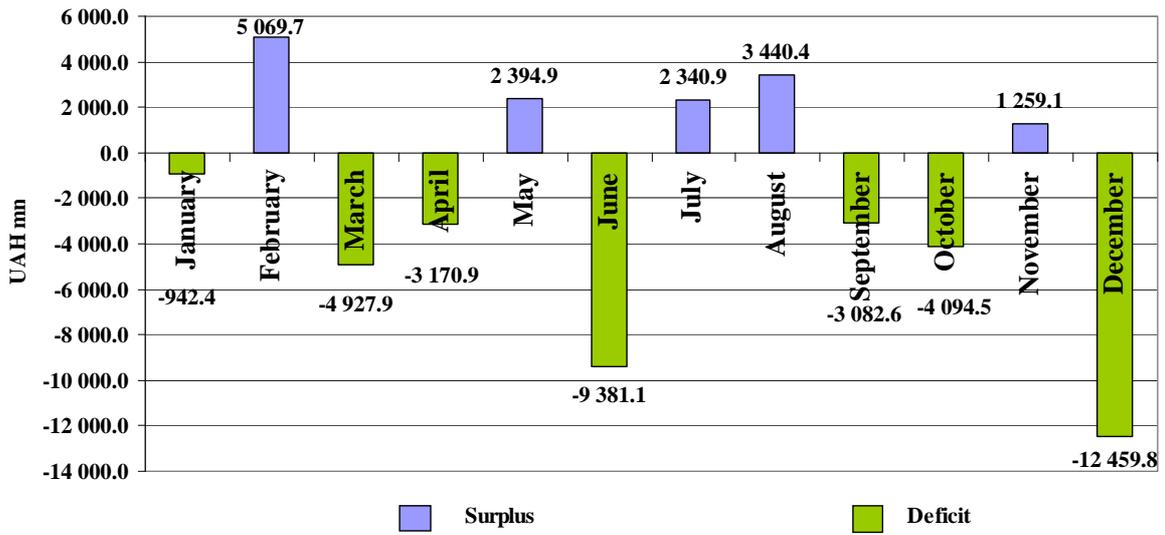
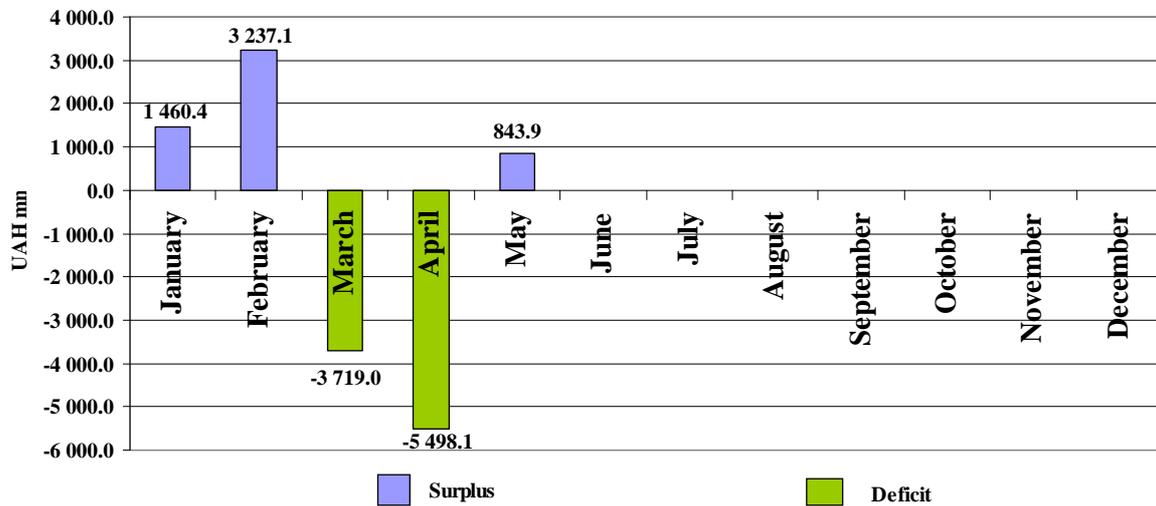


Diagram 9

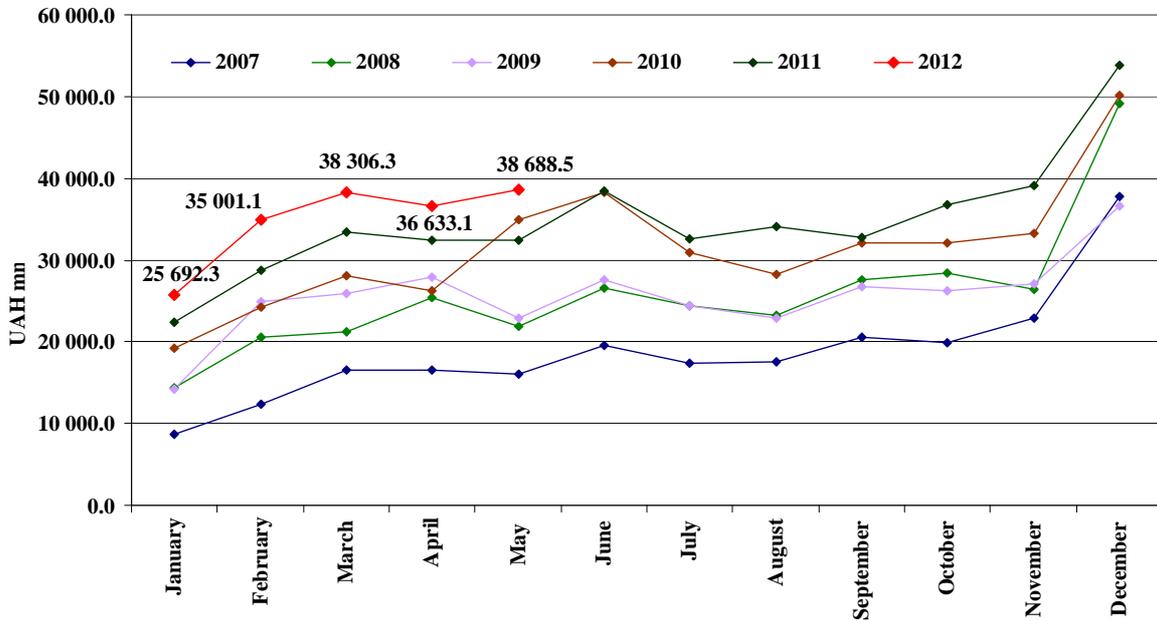
Budget Deficit/Surplus, Monthly Trends in 2012



Consolidated Budget Expenditures

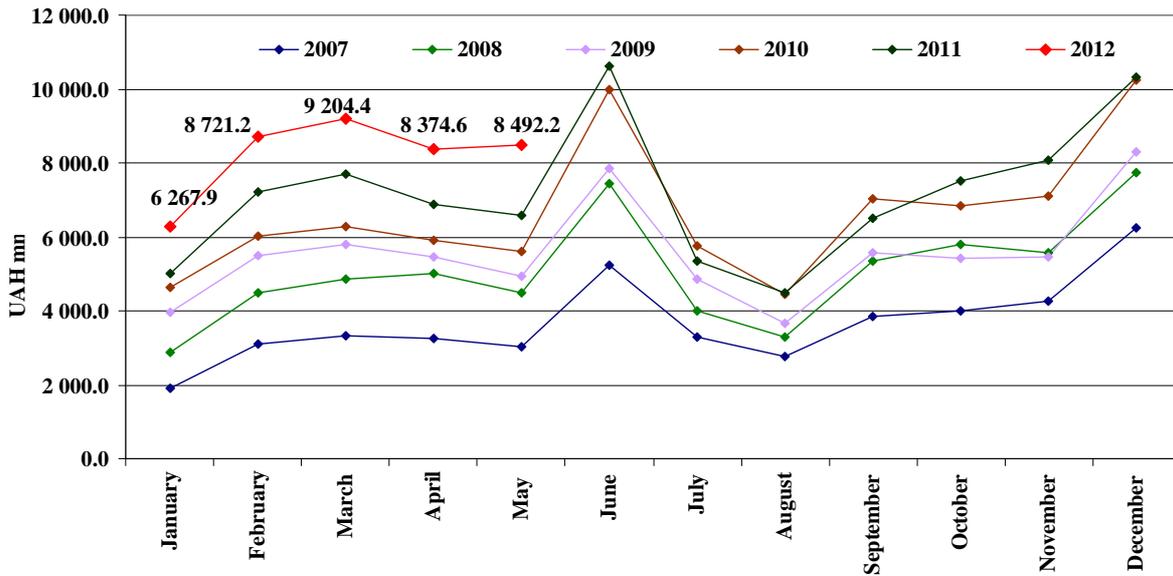
Graph 14

Consolidated Budget Expenditures, Monthly Trends in 2007–2012



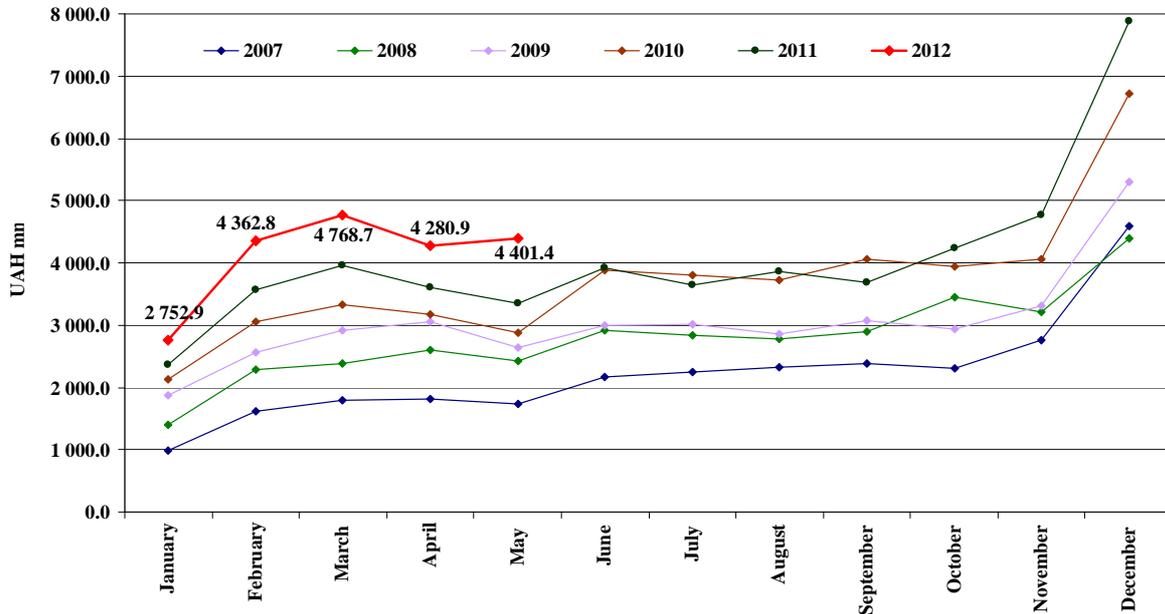
Graph 15

Consolidated Budget Education Expenditures, Monthly Trends in 2007–2012



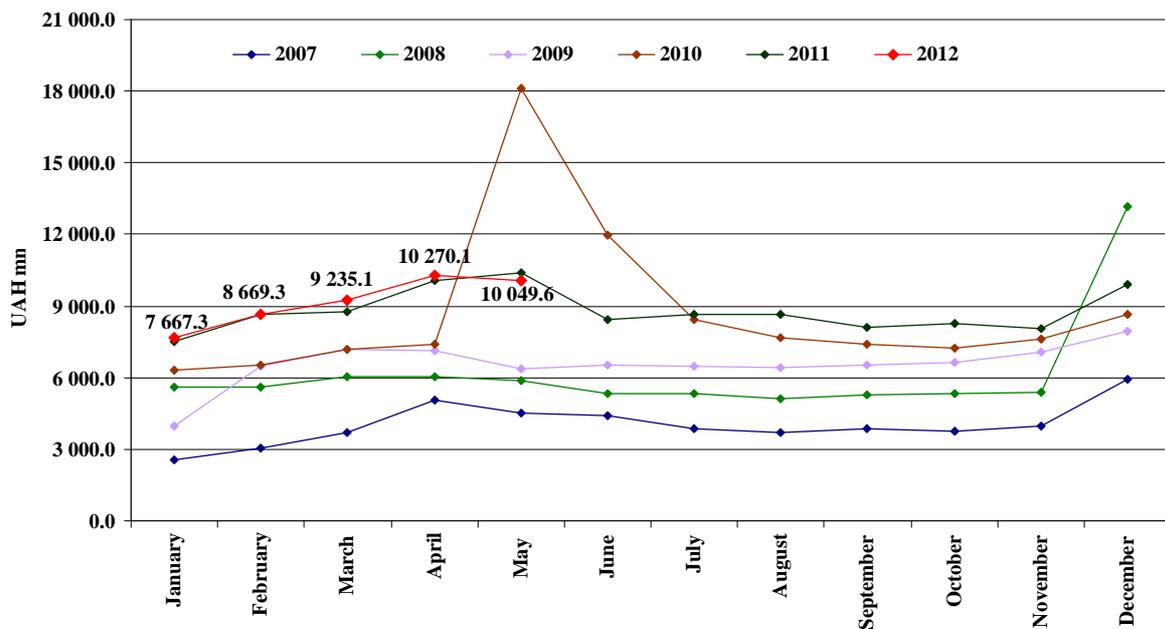
Graph 16

Consolidated Budget Health Expenditures, Monthly Trends in 2007–2012



Graph 17

Consolidated Budget Expenditures for Social Protection and Social Security, Monthly Trends in 2007–2012



State Budget Expenditures

Diagram 10

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

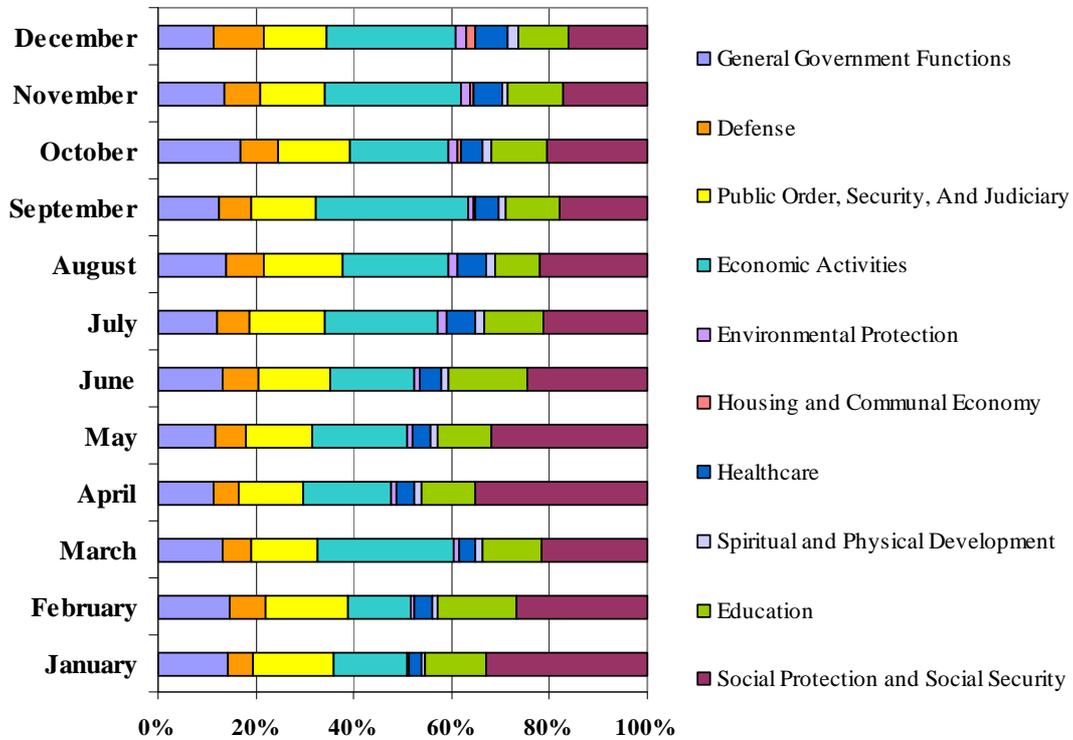


Diagram 11

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

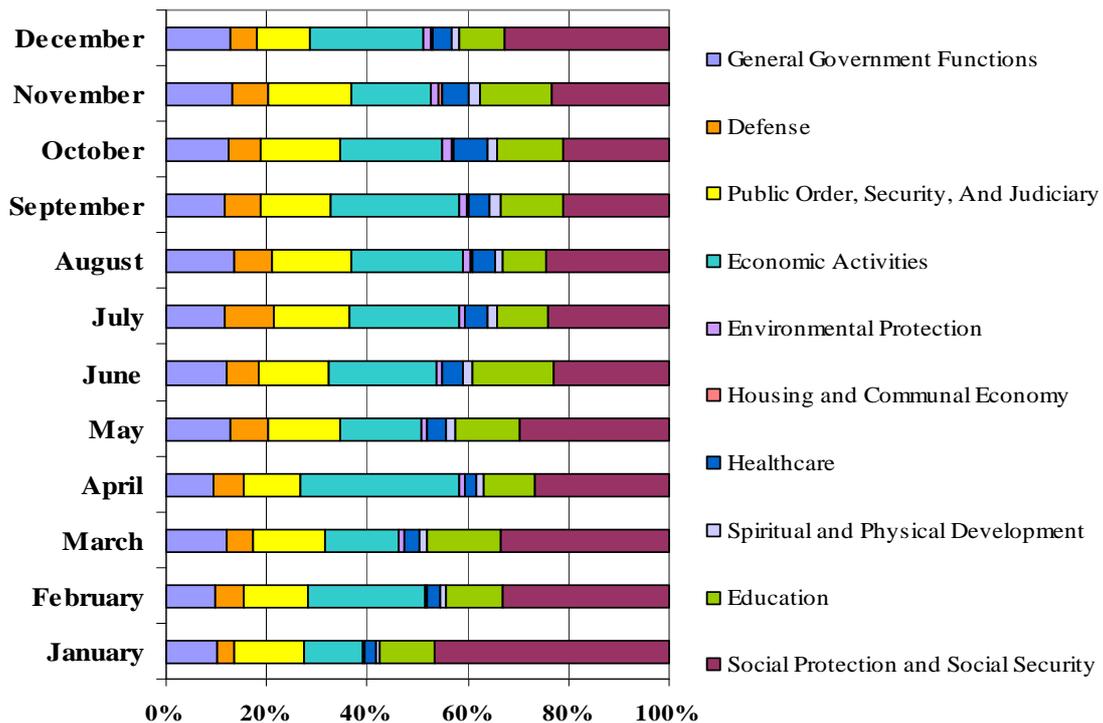


Diagram 12

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

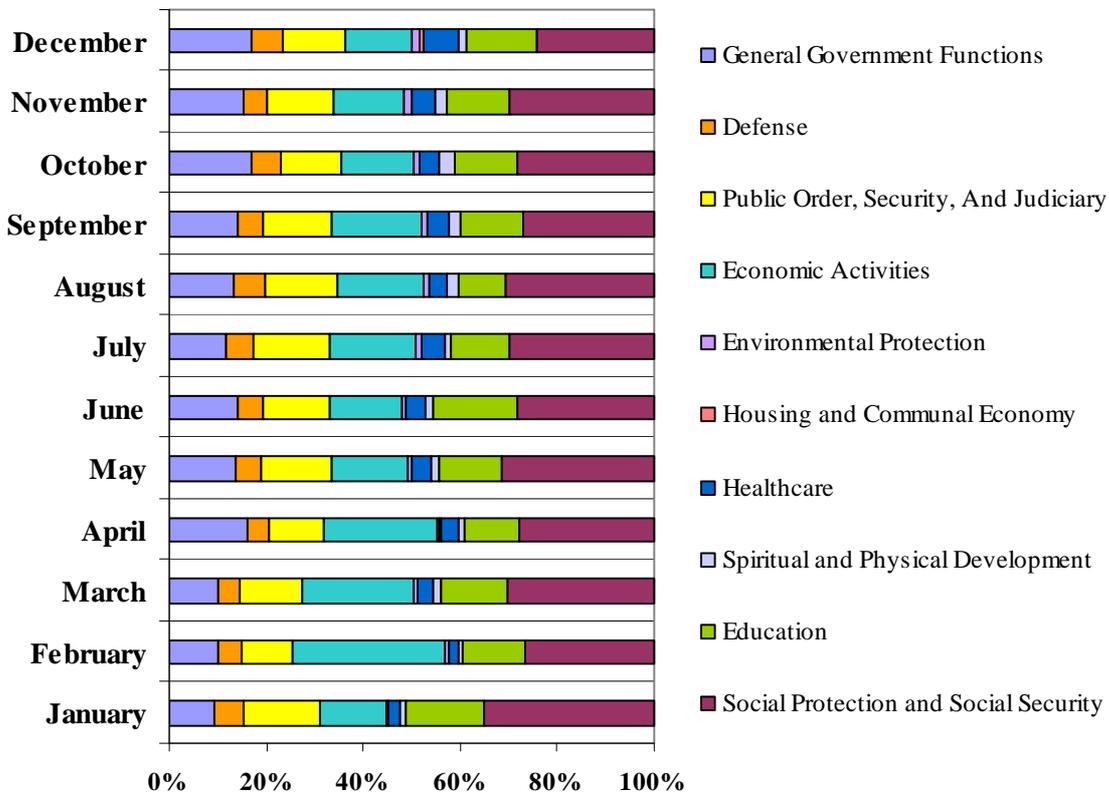


Diagram 13

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2010

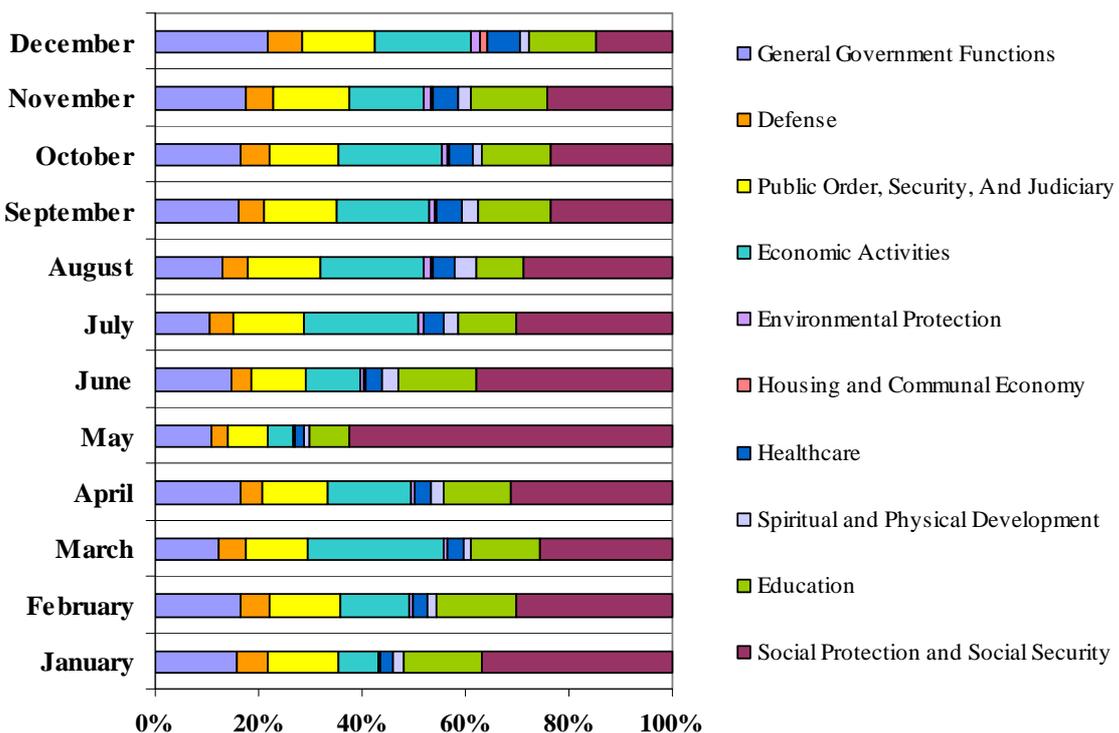


Diagram 14

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2011

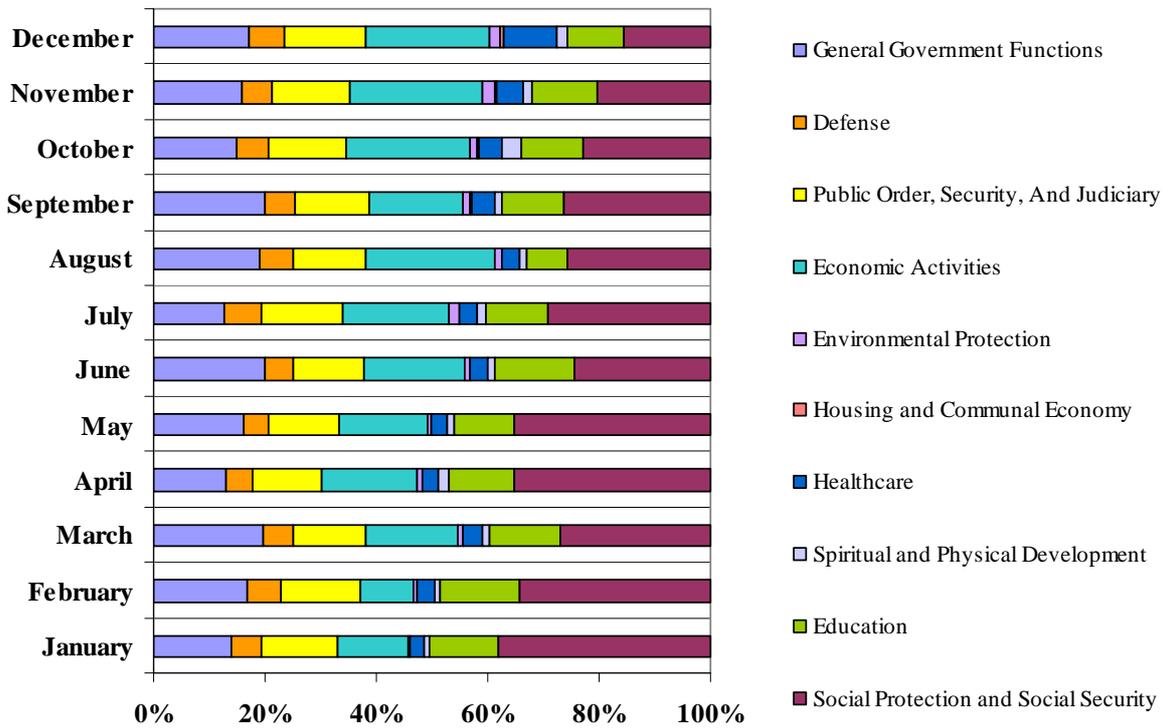
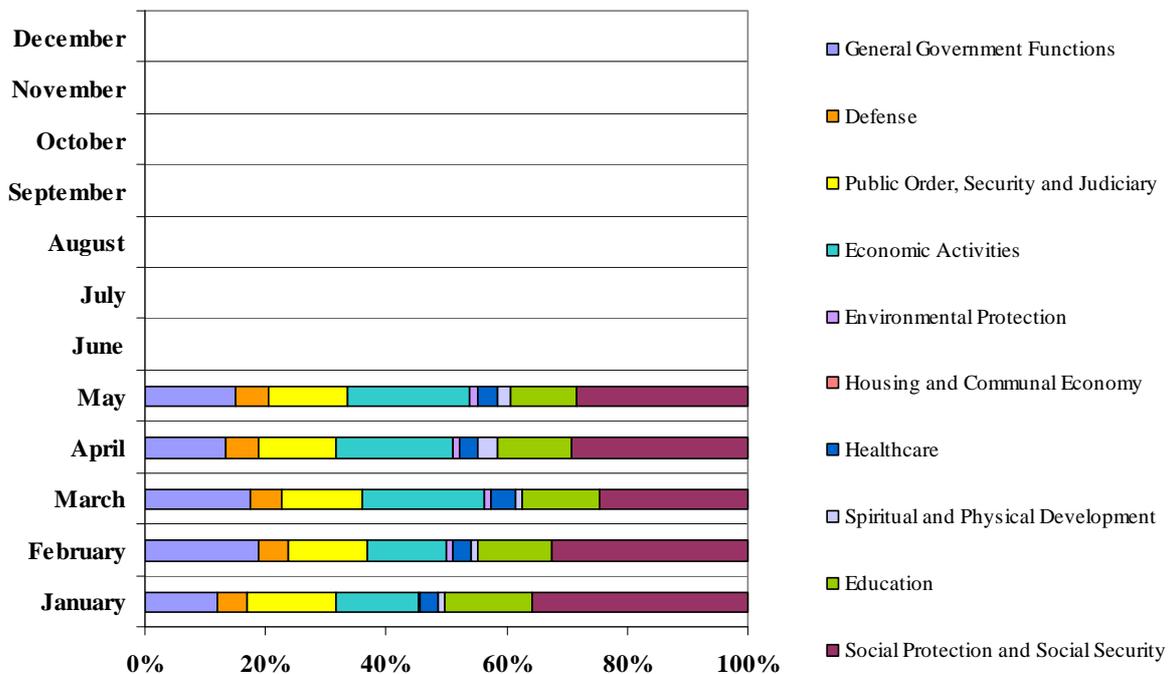


Diagram 15

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2012



Graph 18

Monthly Trends of State Budget Expenditures in 2007–2012

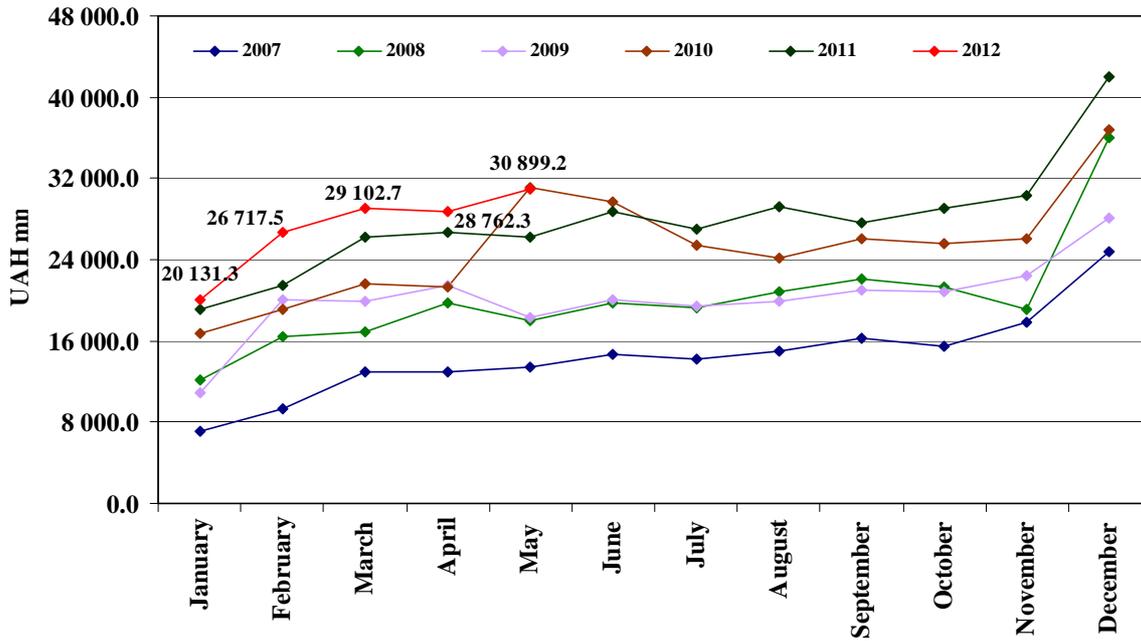
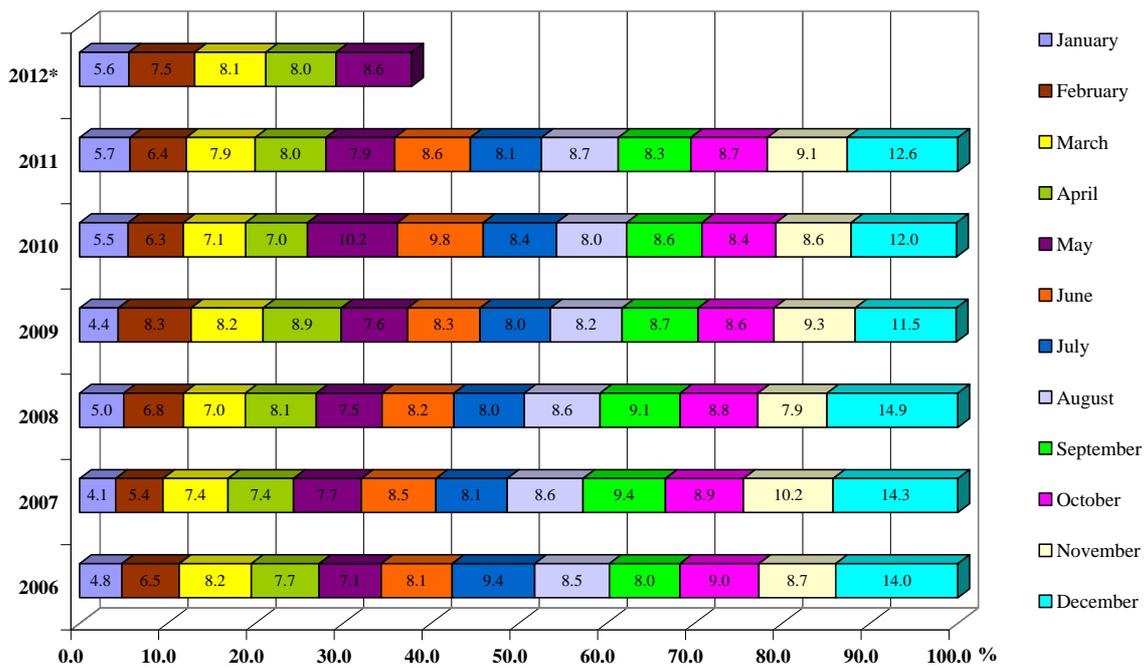


Diagram 16

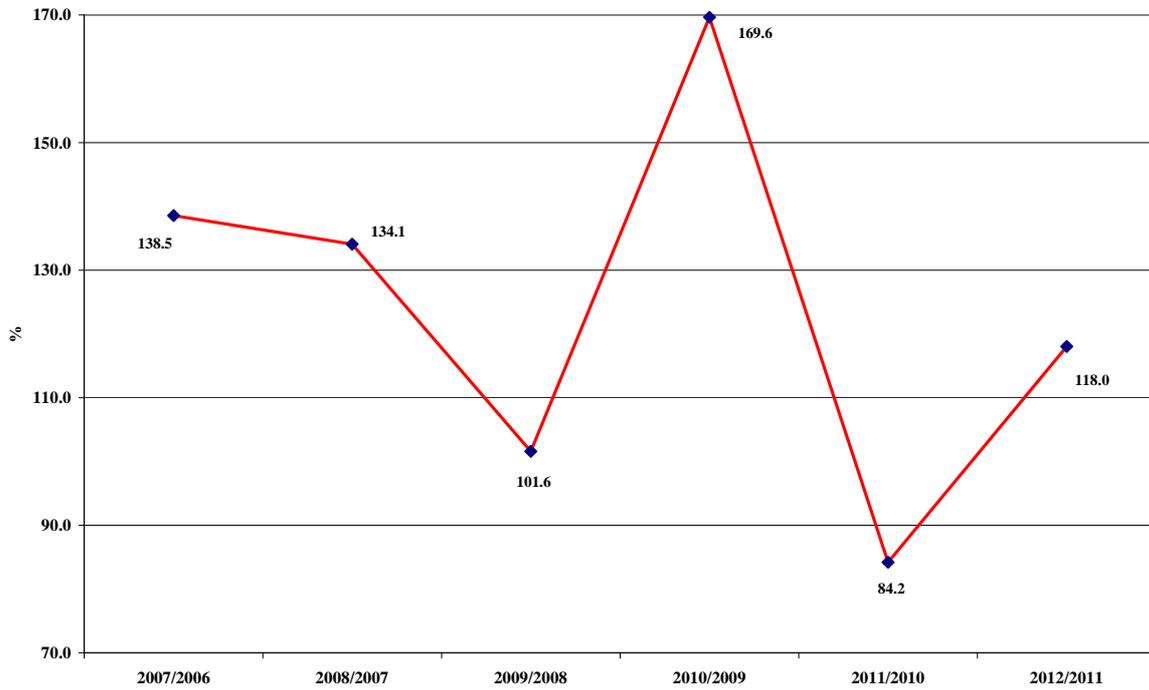
Dynamics of the Share of Ukraine's State Budget Total Expenditures in Annual Amounts in 2007–2012



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

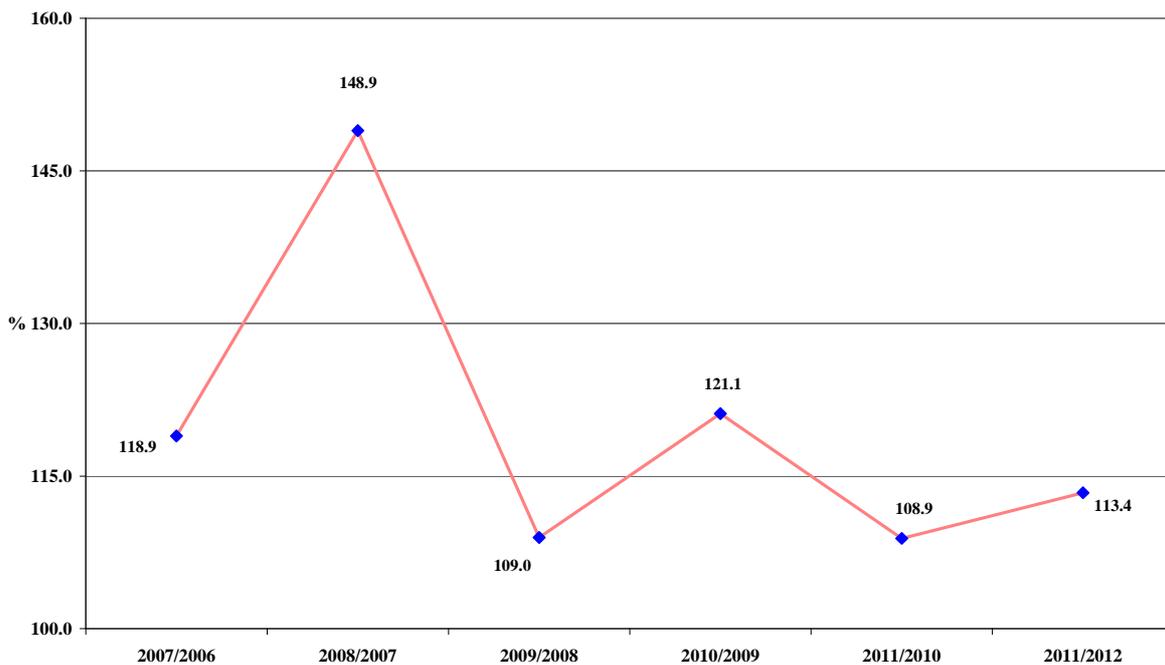
Graph 19

Growth Rates of Ukraine's State Budget Expenditures in May 2007–2012



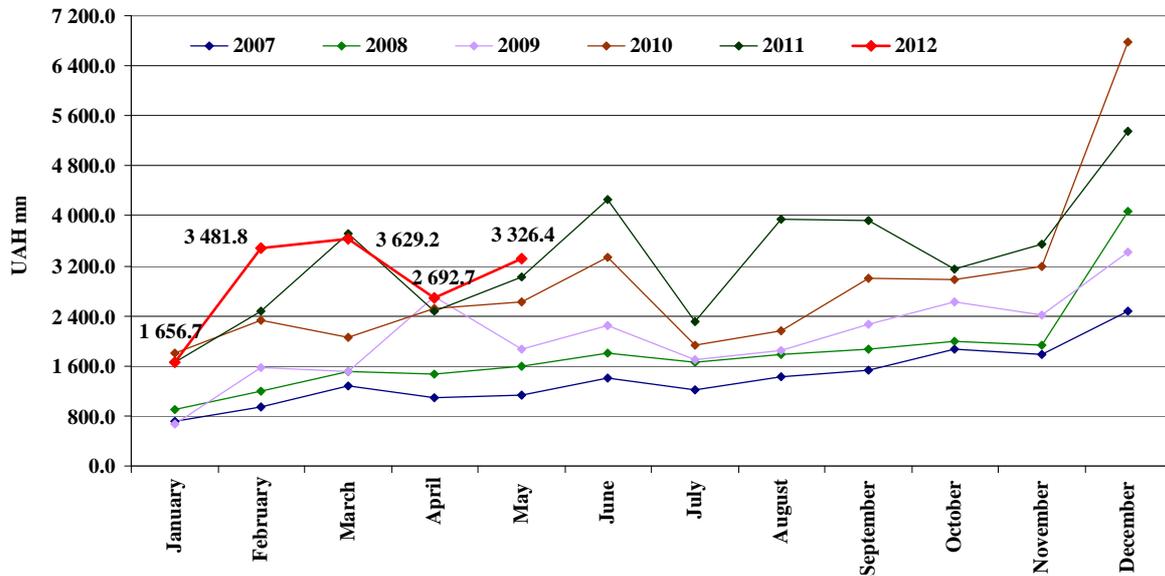
Graph 20

Growth Rates of Ukraine's State Budget Expenditures in January-May 2007–2012



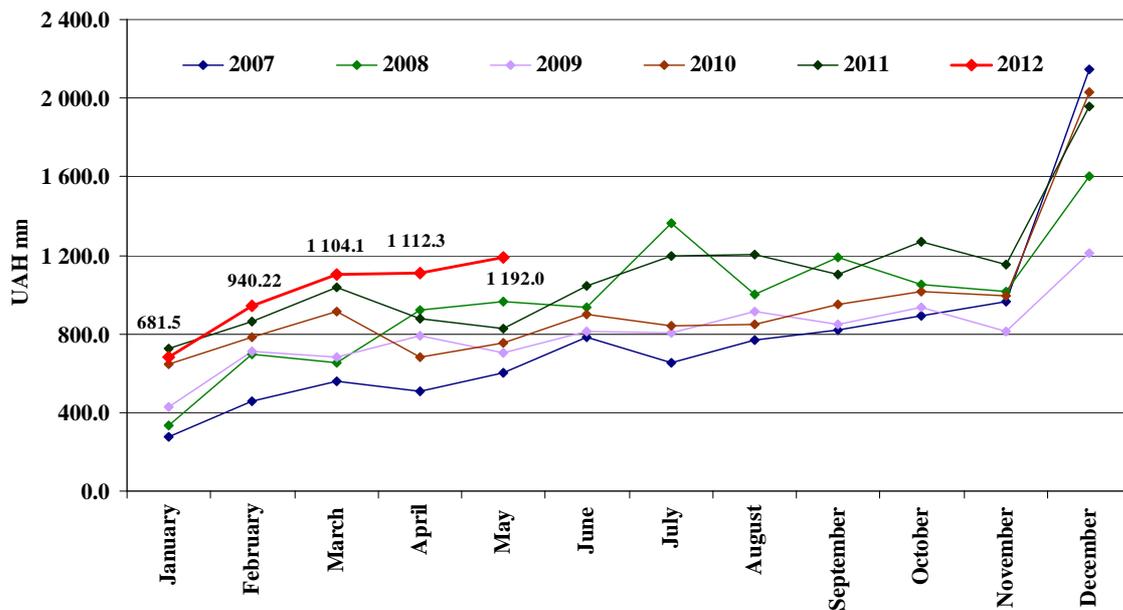
Graph 21

State Budget Expenditures for General Government Functions, Monthly Trends in 2007–2012



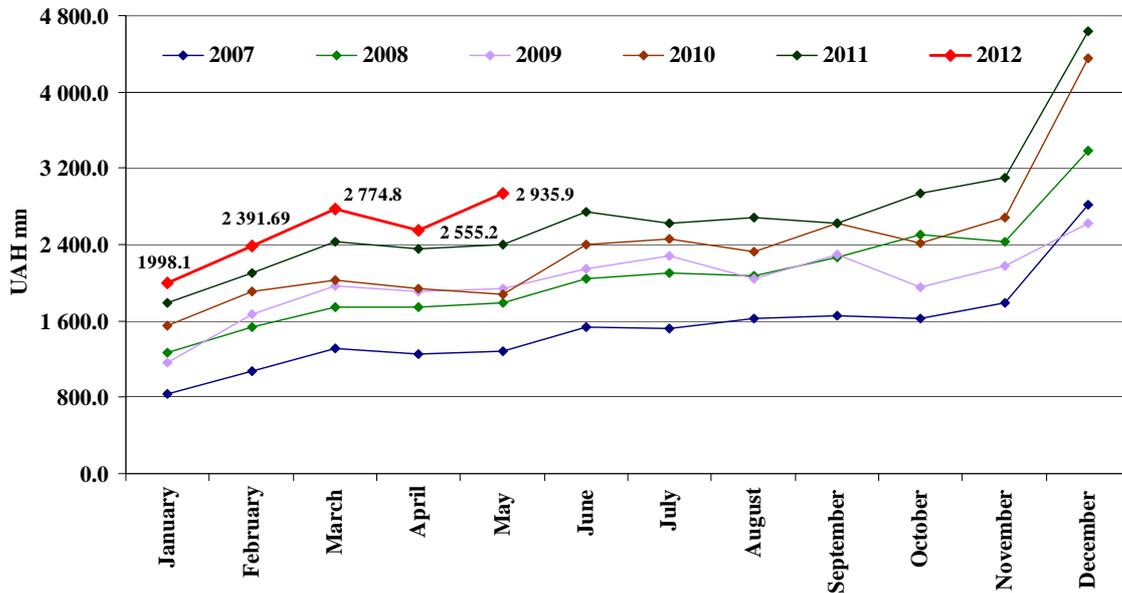
Graph 22

State Budget Expenditures for Defense, Monthly Trends in 2007–2012



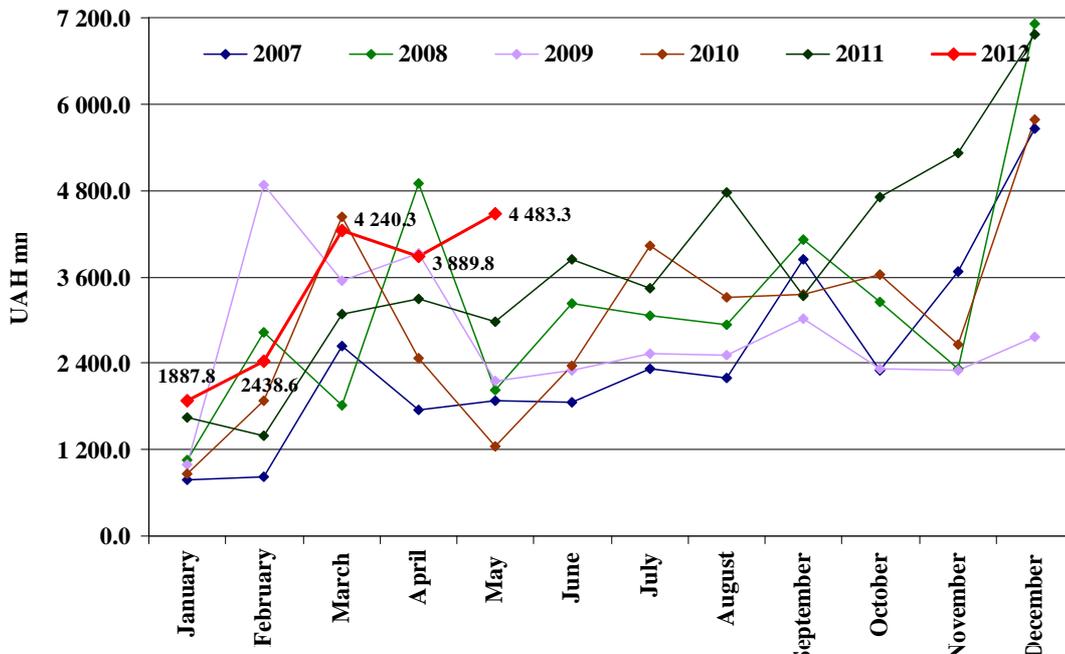
Graph 23

State Budget Expenditures for Public Order, Security, and the Judiciary, Monthly Trends in 2007–2012



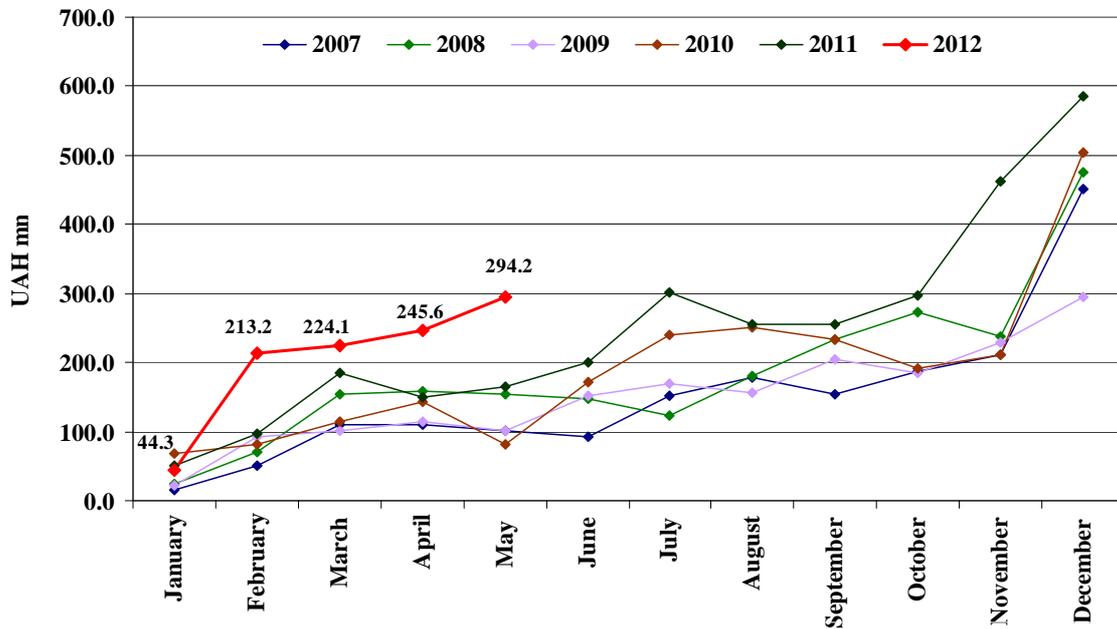
Graph 24

State Budget Expenditures for Economic Activities, Monthly Trends in 2007–2012



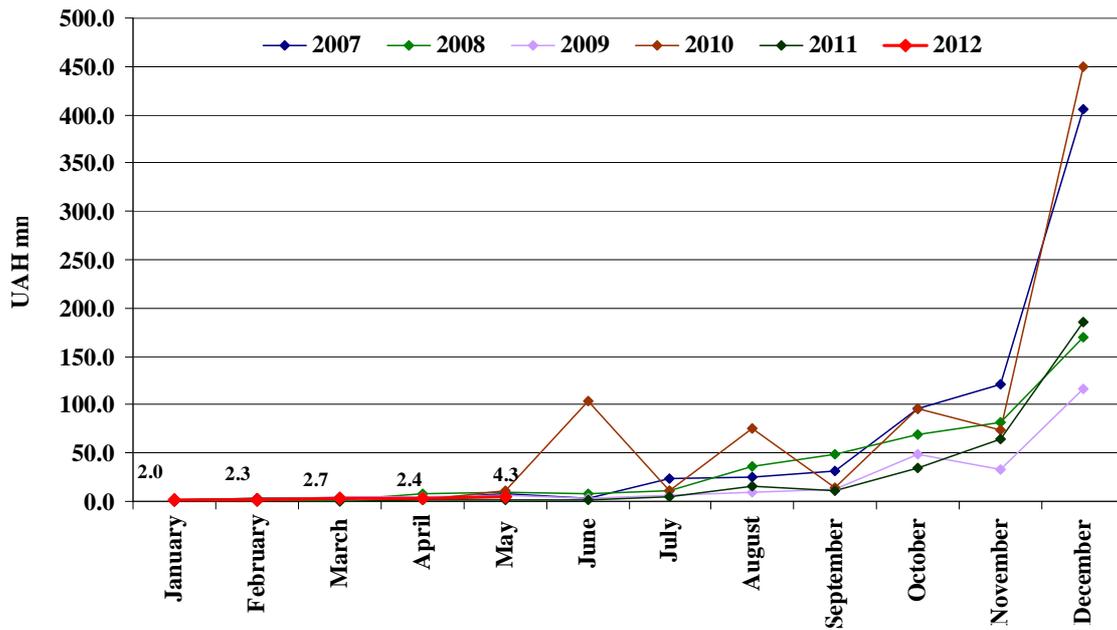
Graph 25

State Budget Expenditures for Environmental Protection, Monthly Trends in 2007–2012



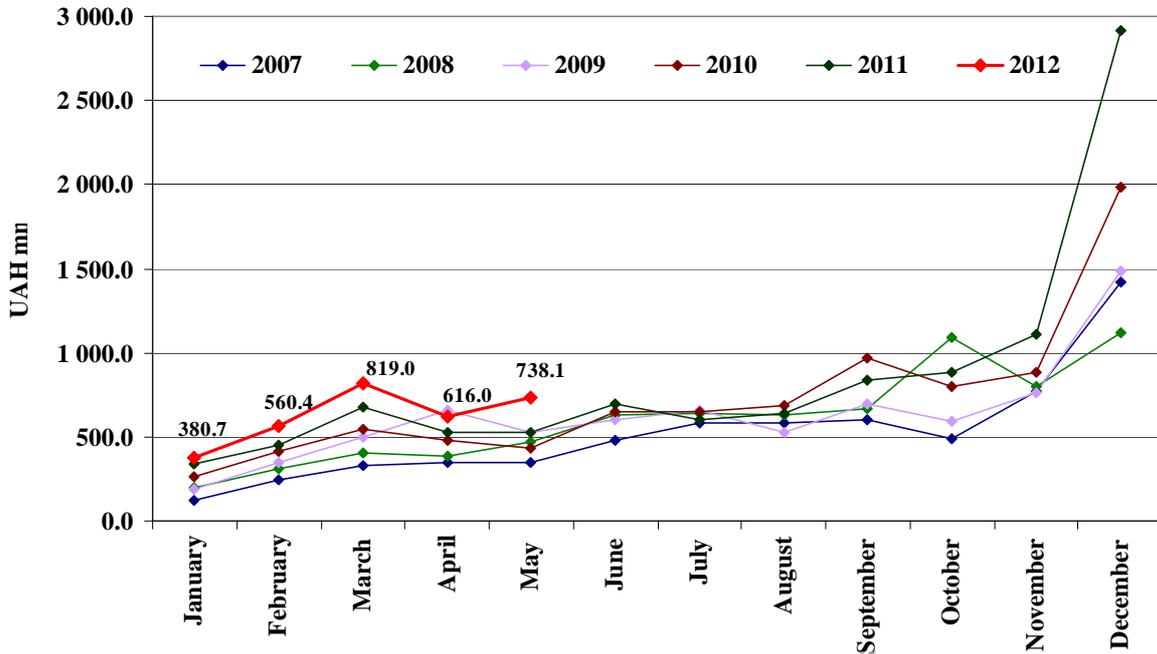
Graph 26

State Budget Expenditures for the Housing and Communal Sector, Monthly Trends in 2007–2012



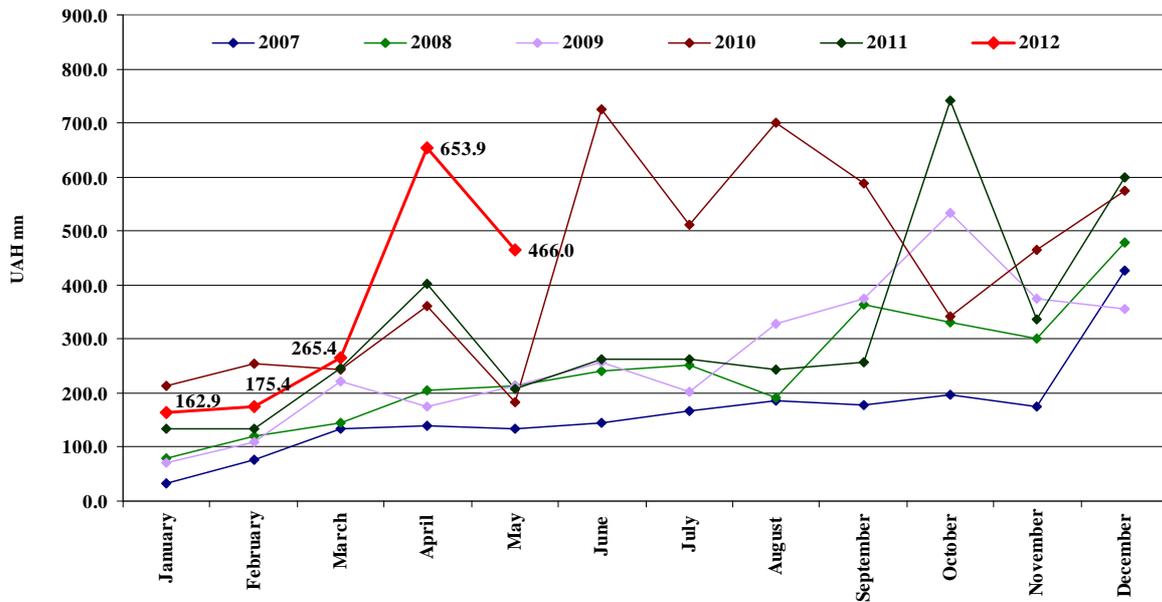
Graph 27

State Budget Expenditures for Healthcare, Monthly Trends in 2007–2012



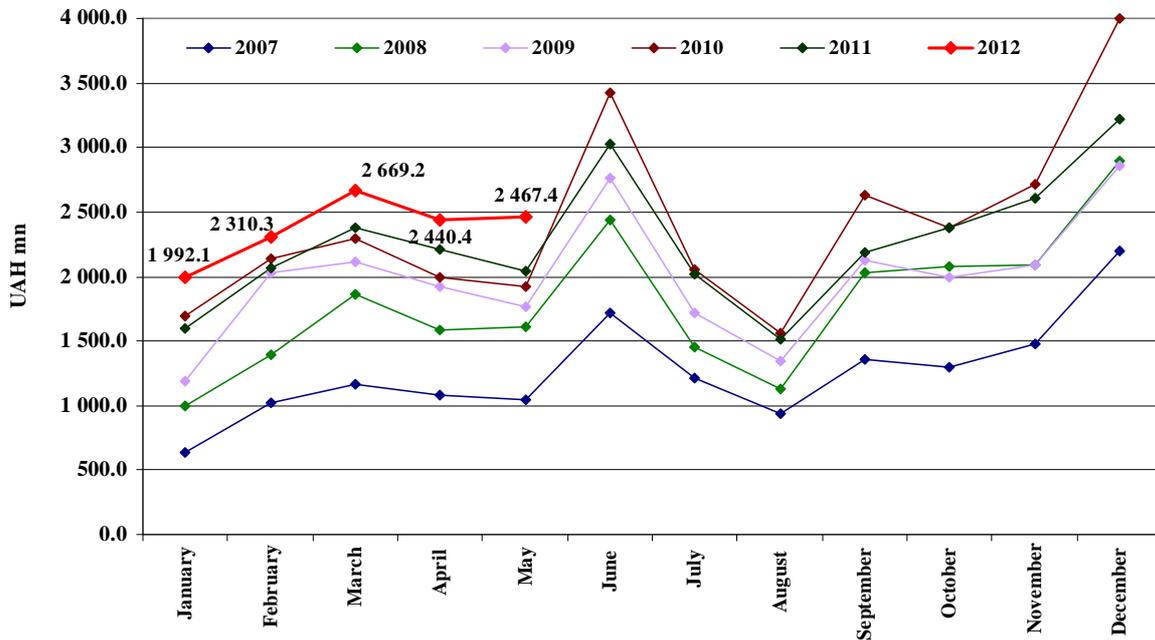
Graph 28

State Budget Expenditures for Spiritual and Physical Development, Monthly Trends in 2007–2012



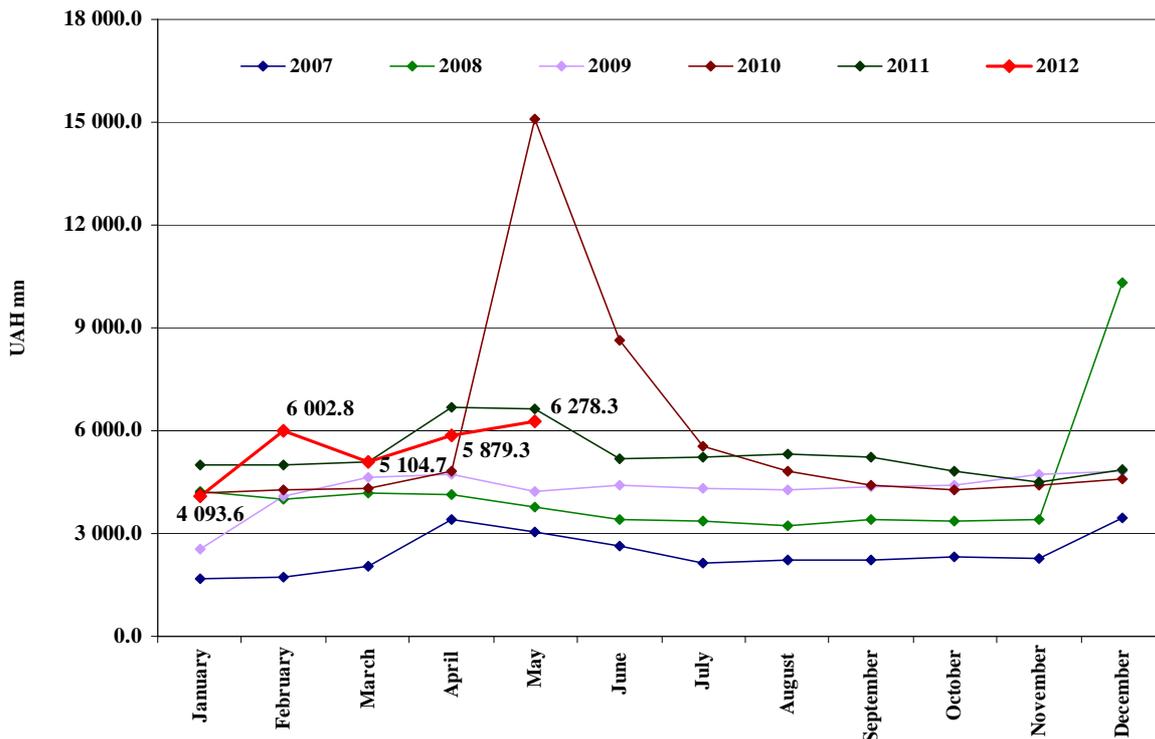
Graph 29

State Budget Expenditures for Education, Monthly Trends in 2007–2012

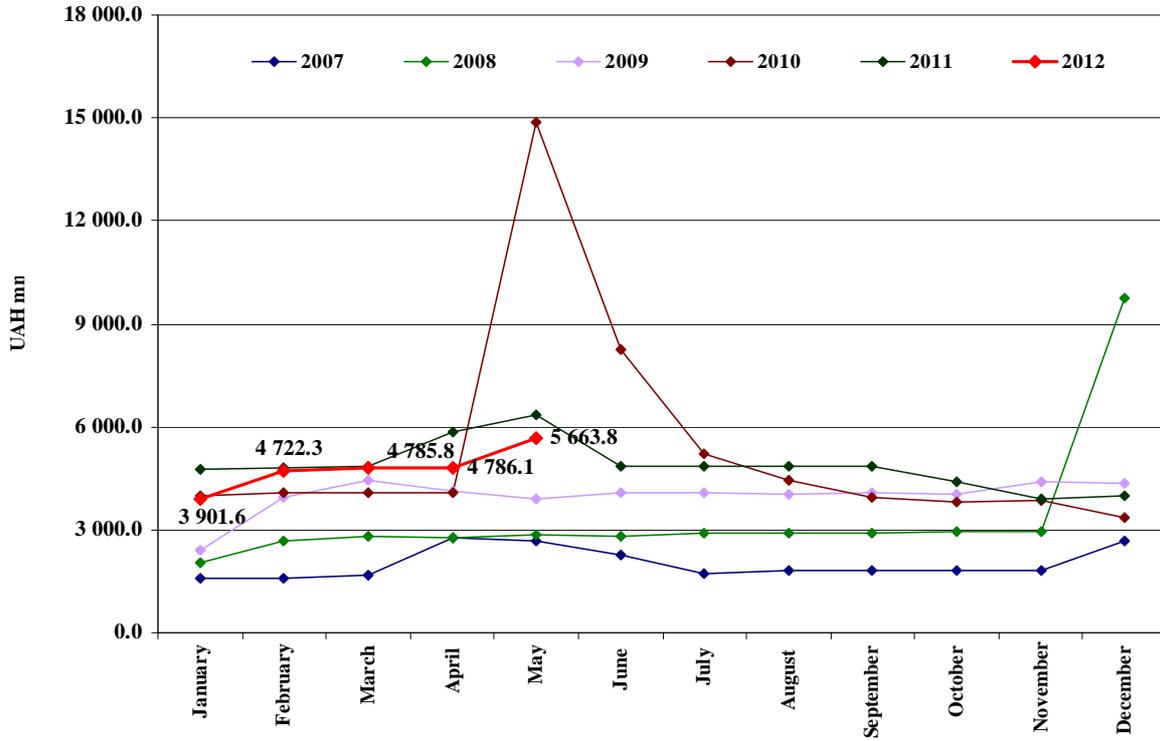


Graph 30

State Budget Expenditures for Social Protection and Social Security, Monthly Trends in 2007–2012



State Budget Expenditures for the Social Protection of Pensioners, Monthly Trends in 2007–2012



Local Budget Expenditures

Graph 32

Total Local Budget Expenditures (Less Intergovernmental Transfers), Monthly Trends in 2007–2012

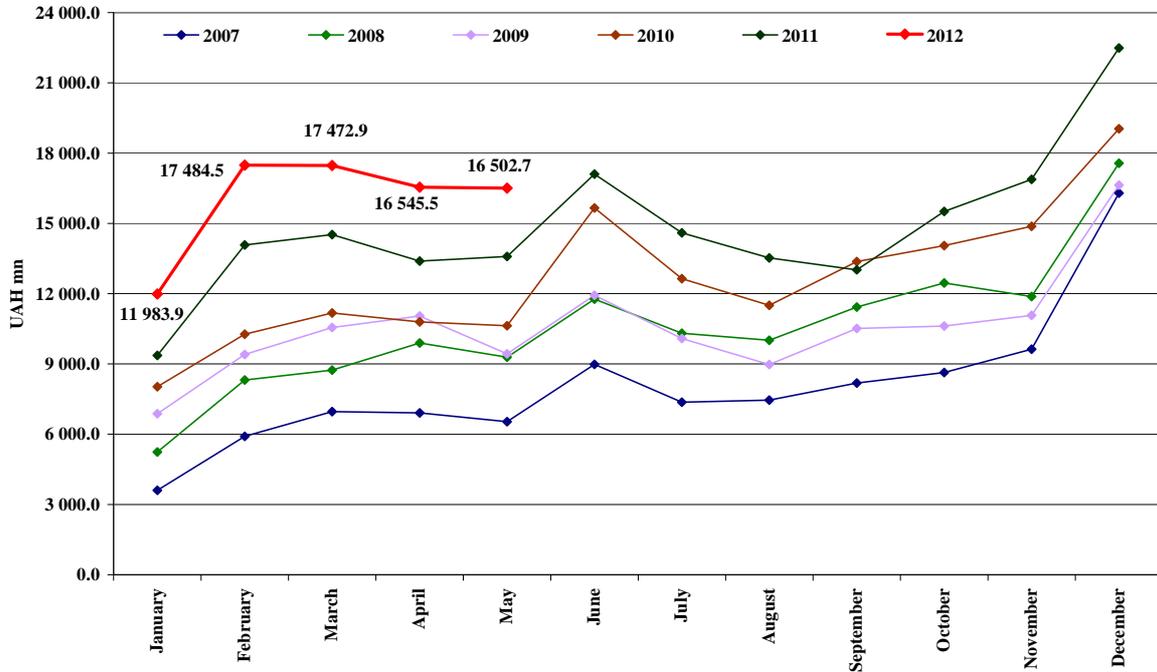
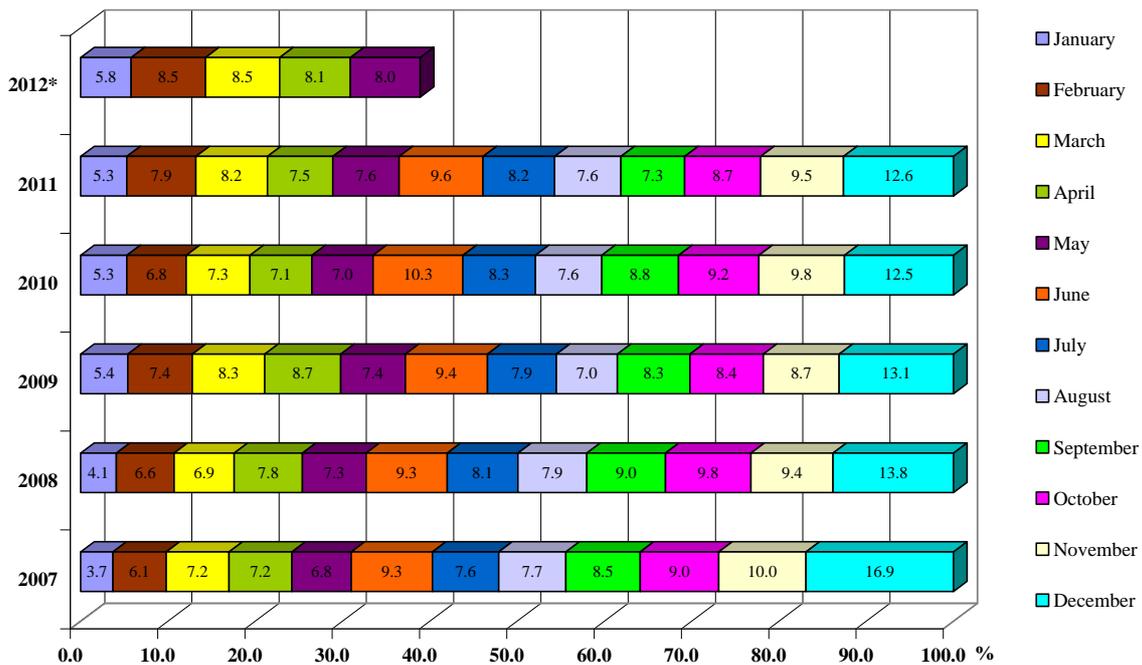


Diagram 17

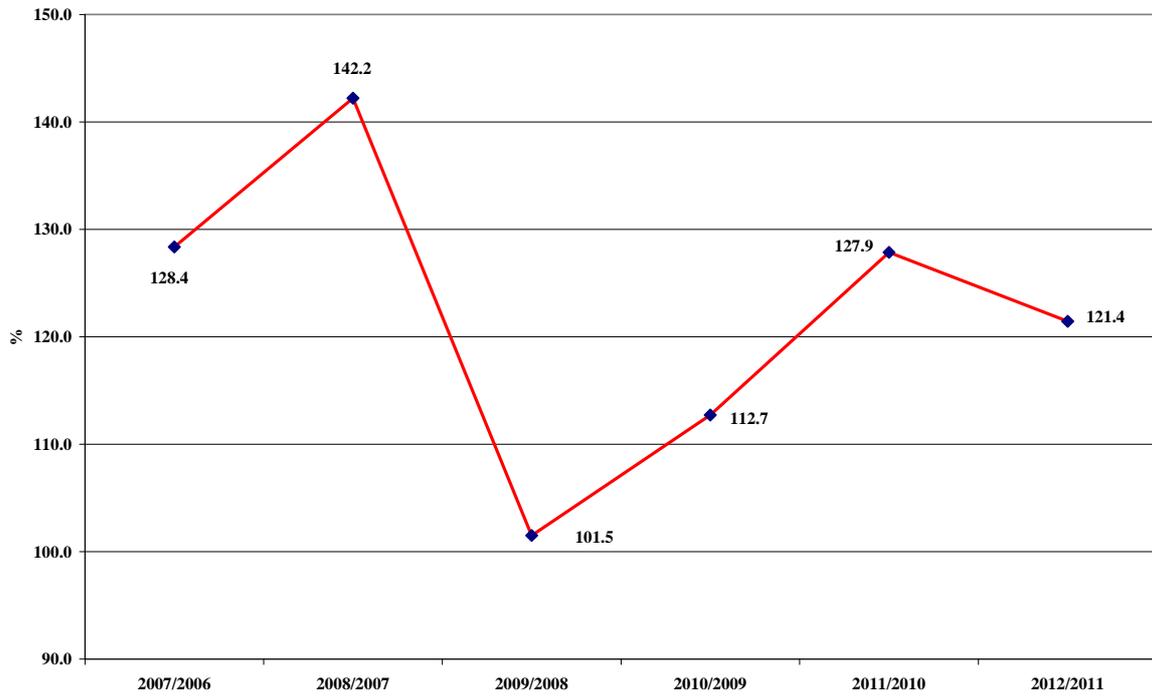
Dynamics of the Share of Local Budget Expenditures in Annual Amounts in 2007–2012



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

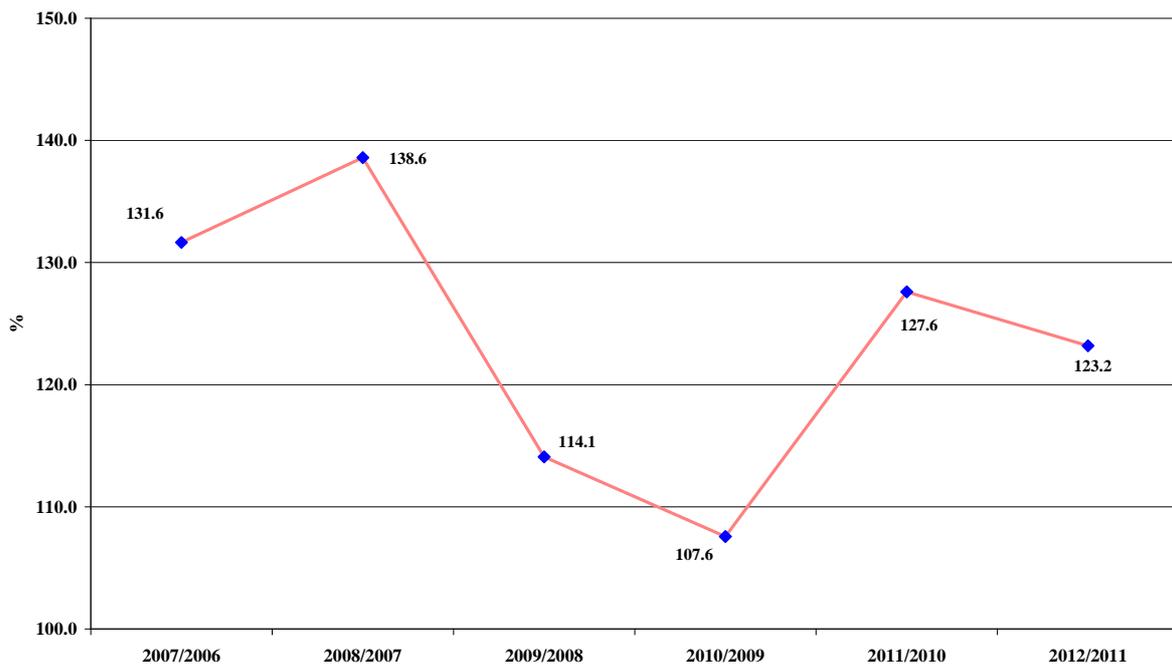
Graph 33

Growth Rates of Local Budget Expenditures in May 2007–2012

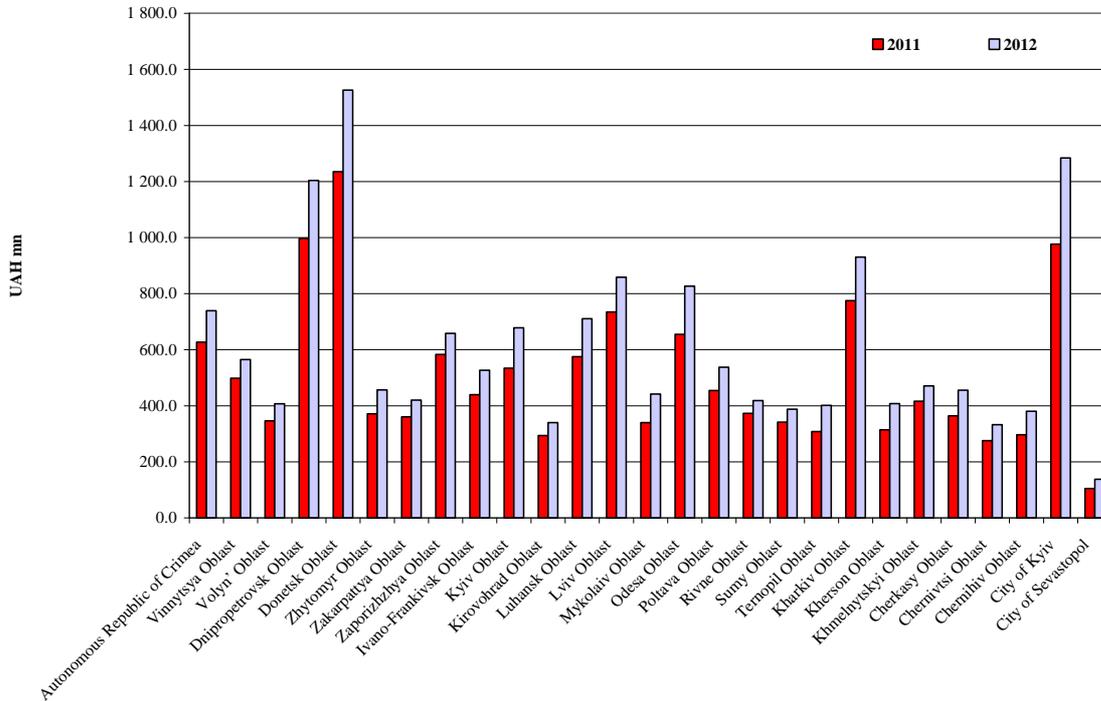


Graph 34

Growth Rates of Local Budget Expenditures in January-May 2007-2012



Regional Distribution of Actual Local Budget Expenditures in May 2011–2012



Local Budget Expenditures, Growth Rate by Region in May 2012 (% vs. previous year)

