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INITIATIVE (MFSI-II) ROLL-OUT**

Monthly Monitoring of Main Indicators of the Budget System of Ukraine as of June 1, 2014

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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15-V, Borysglib's'ka Str., 2nd floor,
Kyiv, 04070, Ukraine
Phone: (38 044) 353-58-68, 492-97-80/81
Fax: (38 044) 492-97-83



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

- **The actual intake of revenues of the consolidated budget of Ukraine** totaled UAH 191.3bn in January-May 2014, which is UAH 15.9bn or 9.1% more year-on-year.
- **The State budget** received UAH 149.8bn in January-May 2014, which is UAH 14.4bn or 10.7% more year-on-year. The level of revenues amounts to 40.2% of the annual plan.

As in earlier months of the year, non-tax revenues continue to be the main driver for budget revenue growth. The key tax items, on the other hand, show amounts below those of last year. Revenue from the enterprise profit tax dropped by 14.3%, excise tax on goods made in Ukraine fell by 18.2%, and import duty dropped by 14.3%. The value-added tax generated a little more than last year in the stated period (+UAH 1.0bn or +1.9%). However, this was mainly due to a lower amount of tax refunds from the budget (down UAH 5.7bn or 24.0%), rather than an increase in net receipts from the tax.

Non-tax revenues increased as funds remitted by the National Bank of Ukraine according to the Law of Ukraine "On the National Bank of Ukraine" were 4.5 4.5 times greater than last year.

In monthly terms, budget tax revenues also dropped in May except for the excise tax, which increased by 18.6%.

- **Expenditures of the consolidated budget** totaled UAH 198.6bn in January-May 2014, which is 0.8% or UAH 1.5bn less than the respective 2013 figure. Expenditures totaled UAH 43.9bn in May 2014, which is 6.9% or UAH 2.8bn more year-on-year.

On a year-on-year basis, consolidated budget expenditures increased for half of the items according to the functional classification of expenditures.

The highest growth is noted in the expenditures for spiritual and physical development (up 77.9% vs. May 2013). They reached UAH 2.0bn. Expenditures increased for housing and communal services (55.3%), defense (47.9%), general government functions (23.3%), and social protection and social security (3.1%). The expenditures for debt servicing increased (38.6%) as part of expenditures for general government functions

There was a decrease in expenditures for environmental protection (18.1%), economic activity (13.7%), healthcare (4.9%), public order, security, and judiciary (2.8%), and education (0.3%).

- **The actual expenditures of the State budget of Ukraine** totaled UAH 162.1bn in January-May 2014, which is 5.4% more year-on-year. In May 2014, expenditures totaled UAH 34.9bn, which is 8.5% more year-on-year.

Expenditures by **functional classification** changed in the following was compared to May 2013:

- expenditures for general government functions increased by 36.2% and totaled UAH 6.2bn, including debt servicing expenditures, which increased by 39.2%;
- defense spending increased by 47.9% to UAH 1.5bn;
- expenditures for public order, security, and judiciary decreased by 3.1% to UAH 3.1bn;
- expenditures for economic activity decreased by 16.3% to UAH 3.0bn;
- expenditures for environmental protection decreased by 25.5% to UAH 215.3mn;
- expenditures for housing and communal services decreased by 26.9% to UAH 7.6mn;
- expenditures for healthcare decreased by 34.1% to UAH 631.4mn;

- expenditures for spiritual and physical development decreased by 39.9% to UAH 276.9mn;
- expenditures for education increased by 3.2% to UAH 2.4bn;
- expenditures for social protection and social security decreased by 2.0% to UAH 7,2bn.

To cover the Pensions Fund deficit for paying pensions, the State budget remitted UAH 1.3bn, which is 26.5% or UAH 481.2mn less year-on-year.

- State budget receipts from **credit repayment** totaled UAH 250.7mn in May of this year, including UAH 231.8mn in revenues of the General Fund of the State budget.

The State budget **provided** UAH 772.0mn in **credits** in May 2014.

- The State budget **deficit** totaled UAH 5.3bn in May of this year.

The repayment of the State budget debt principal totaled UAH 6.2bn in May 2014, including repayment of internal debt of UAH 3.6bn and external debt of UAH 2.6bn. **State borrowing** for financing the **State budget** was incurred at UAH 51.1bn, including UAH 50.7bn for the General Fund. The amount mobilized on the domestic market totaled UAH 5.3bn, and the amount of UAH 45.8bn was received in the special borrowing fund for financing joint development projects with international finance organizations. Also, an additional issue was made in May of internal government bonds for the amount of UAH 10.0bn to increase the authorized capital of the NAK Naftogaz of Ukraine National Stock Company (overall, UAH 21.1bn has been allocated for this purpose year-to-date).

- The State budget received UAH 2.6mn from the **privatization of State property** in May 2014.
- **Total local budget revenues (without intergovernmental transfers)** totaled UAH 41.6bn in January-May 2014, which is 2.1% more year-on-year.

These revenues totaled UAH 9.4bn in May 2014, which is 9.6% more year-on-year. More than 78.5% of all revenues (UAH 7.4bn) were provided by tax sources. As usual, the personal income tax was the single largest source of local budget revenues. It generated UAH 4.9bn in May. Local taxes and fees provided UAH 761.4mn.

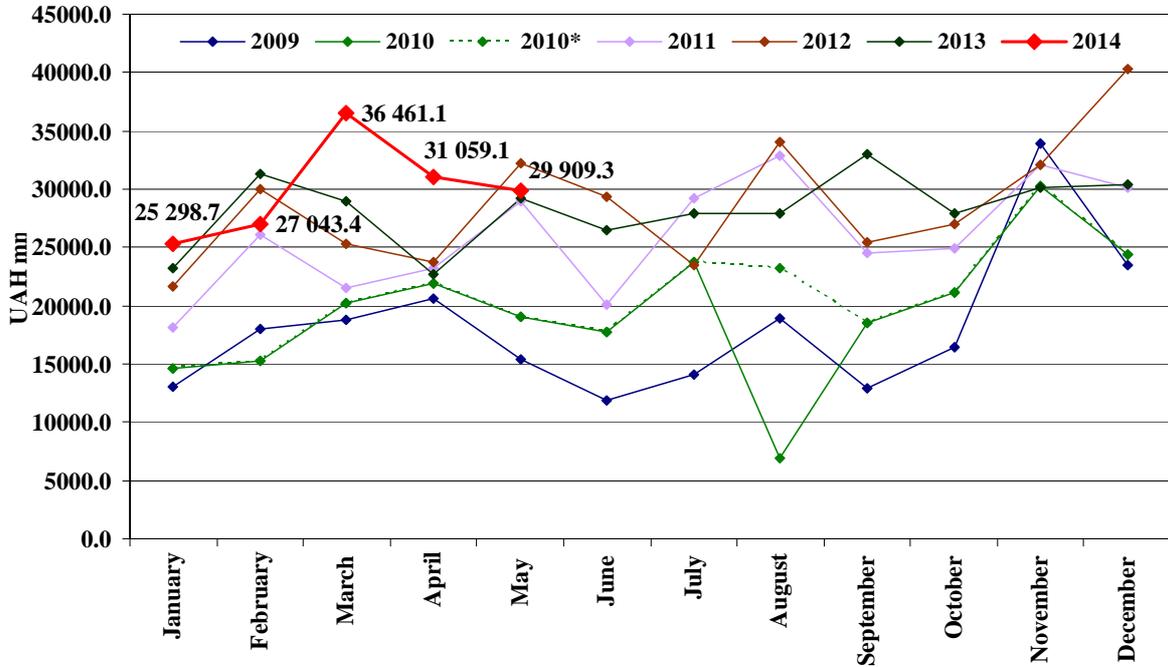
- **The amounts of local budget expenditures (without intergovernmental transfers)** totaled UAH 88.9bn in January-May 2014, which is 1.2% more than the respective 2013 figure.

In May 2014, expenditures increased by 12.0% vs. May 2013 and amounted to UAH 19.5bn. The largest local expenditure items were education, social protection and social security, and healthcare. In May 2014, they amounted to UAH 5.8bn (or 30.3% of all local budget expenditures), UAH 5.0bn (or 26.1%), and UAH 3.7bn (or 19.1%), respectively.

State Budget Revenue

Graph 1

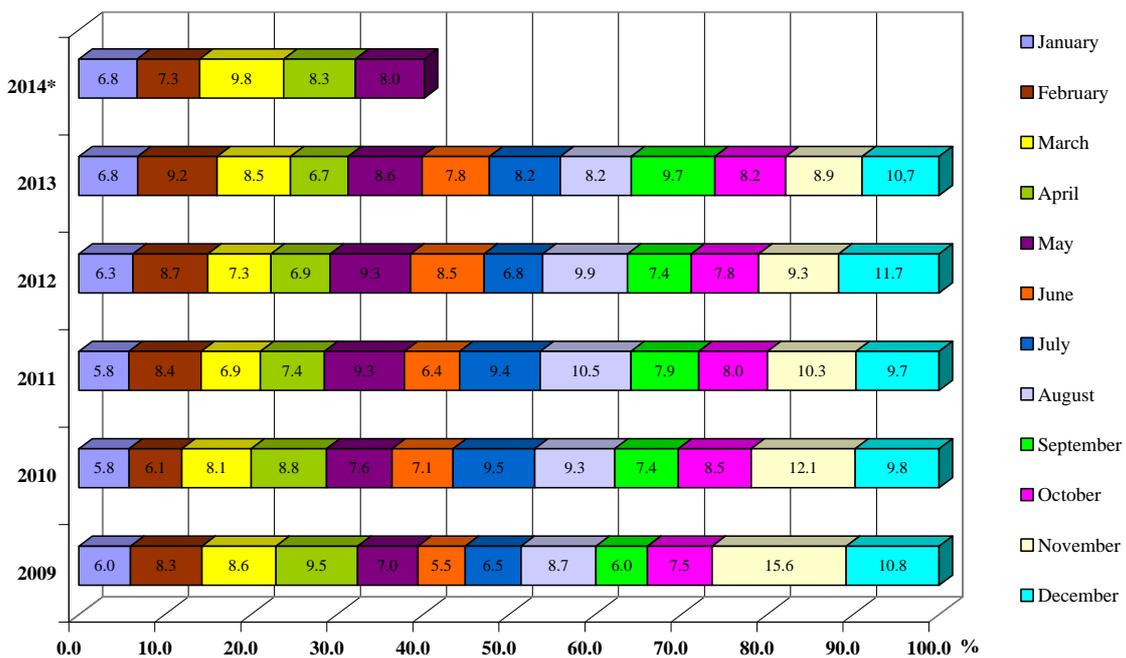
State Budget Total Revenue Monthly Trends in 2009–2014 (Less Intergovernmental Transfers)



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

Diagram 1

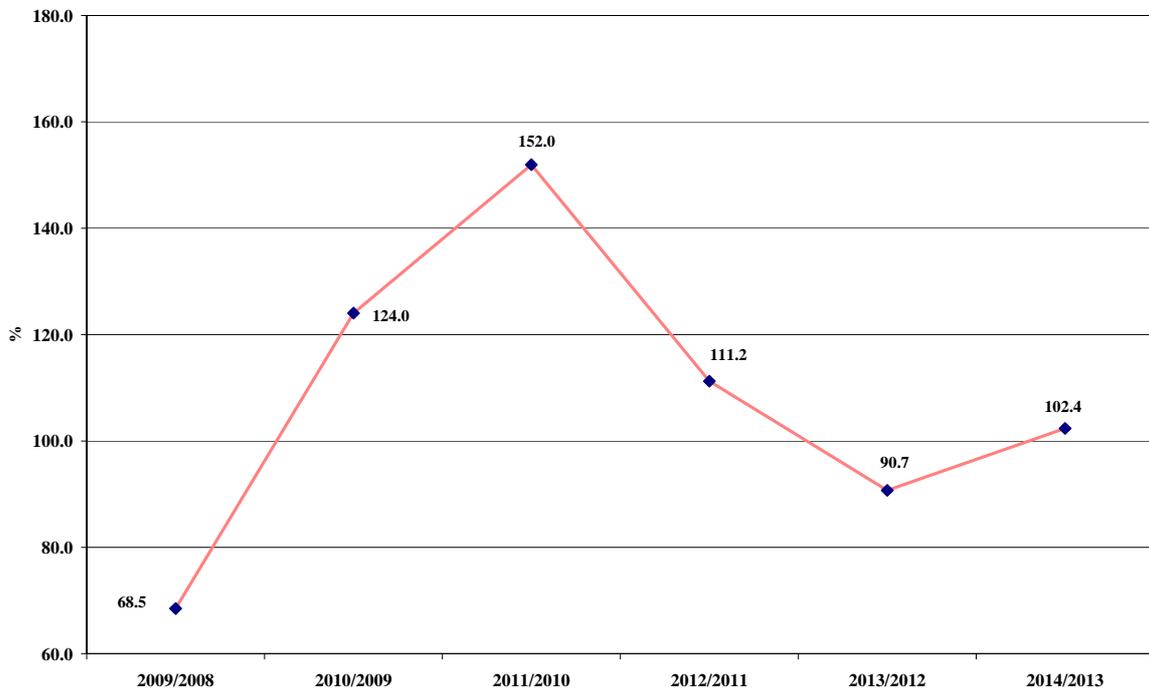
Dynamics of the Share of Ukraine's State Budget Revenue in Annual Amounts in 2009–2014



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

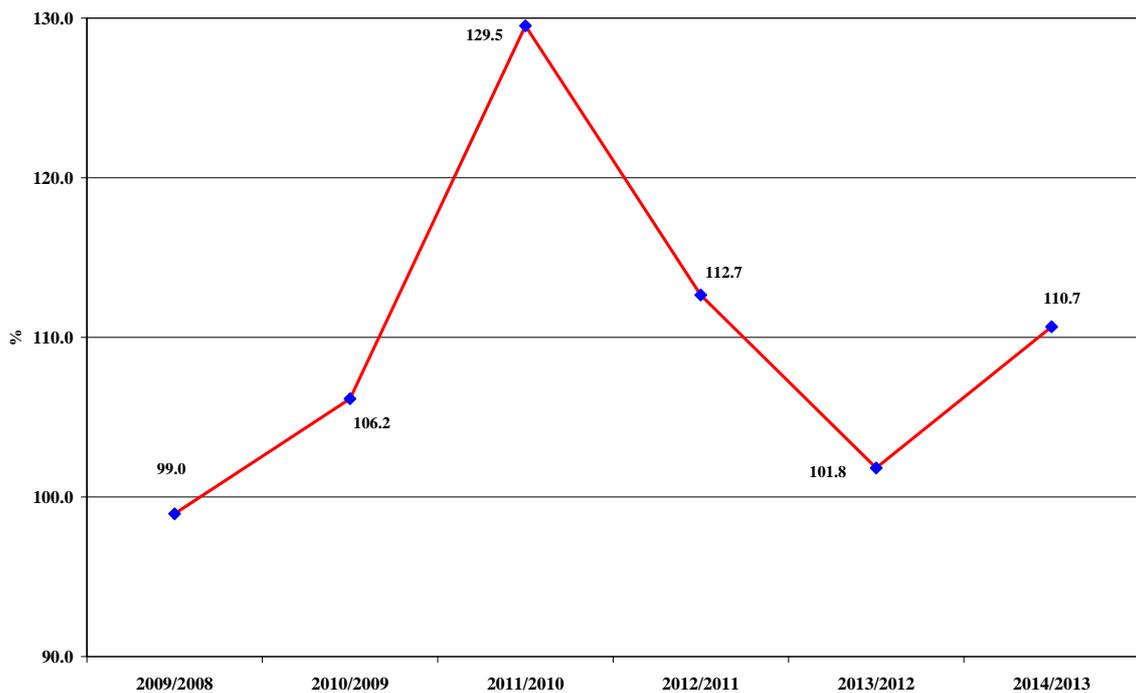
Graph 2

Growth Rates of Ukraine's State Budget Revenue in May 2009–2014



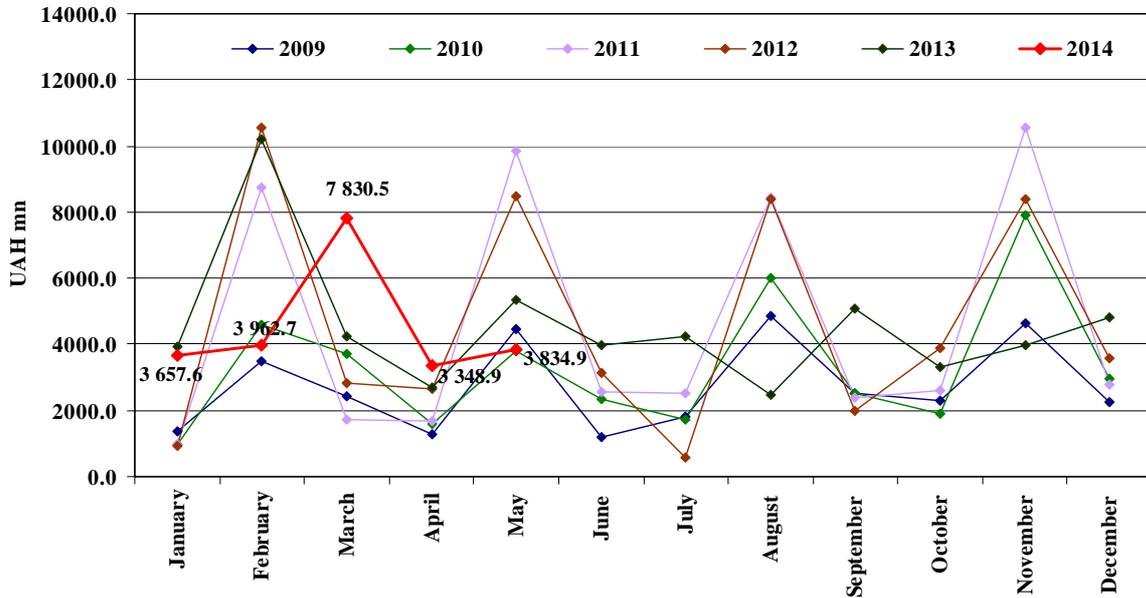
Graph 3

Growth Rates of Ukraine's State Budget Revenue in January-May 2009–2014



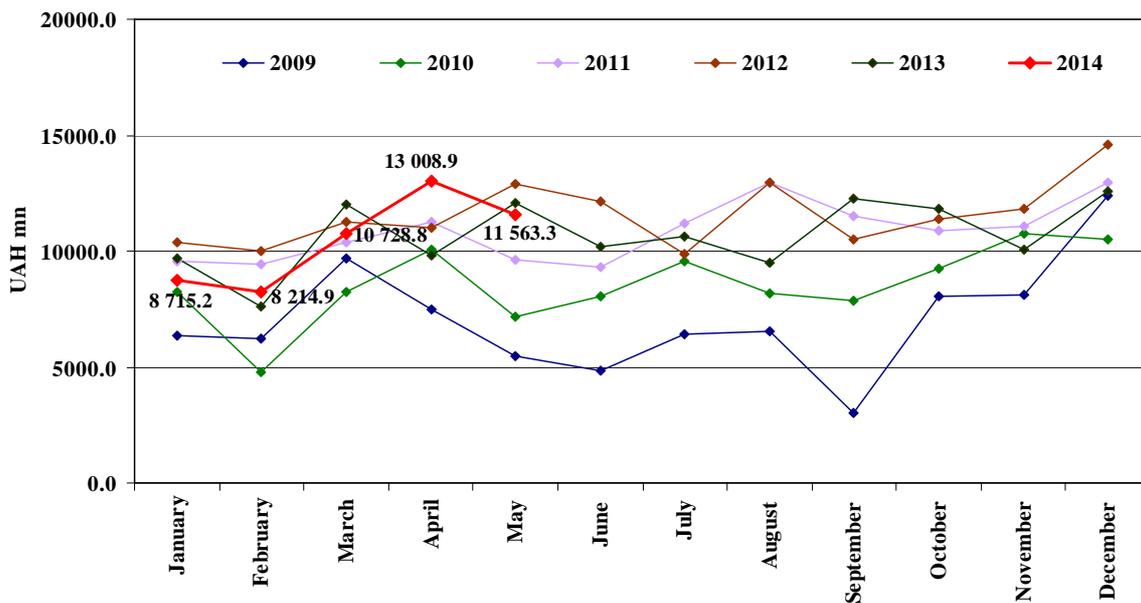
Graph 4

State Budget Enterprise Profit Tax Monthly Trends in 2009–2014



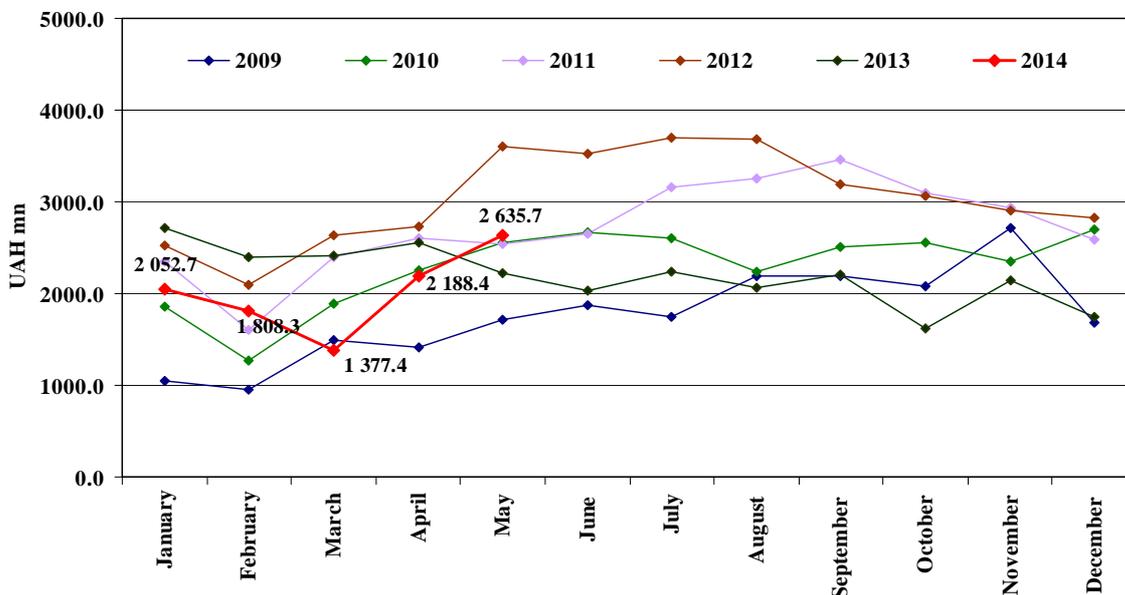
Graph 5

State Budget Value Added Tax Monthly Trends in 2009–2014



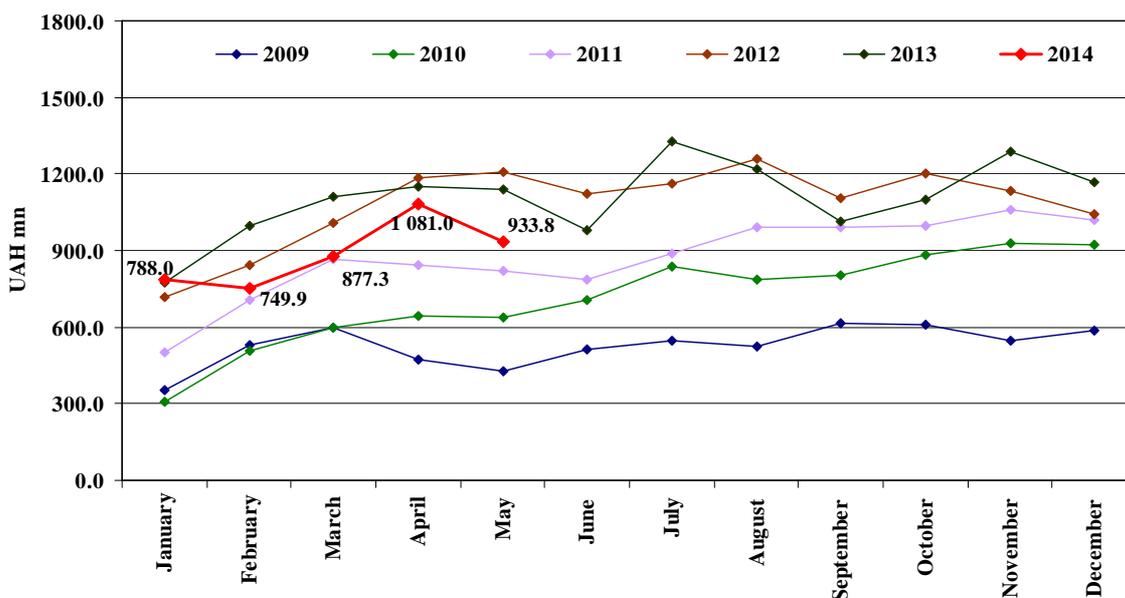
Graph 6

Dynamics of Monthly State Budget Revenues from Excise Tax on Excisable Goods Made in Ukraine in 2009–2014



Graph 7

Dynamics of Monthly State Budget Revenue from Import Duties in 2009–2014



Local Budget Revenue

Graph 8

Local Budget Revenue Monthly Trends (Less Intergovernmental Transfers) in 2009–2014

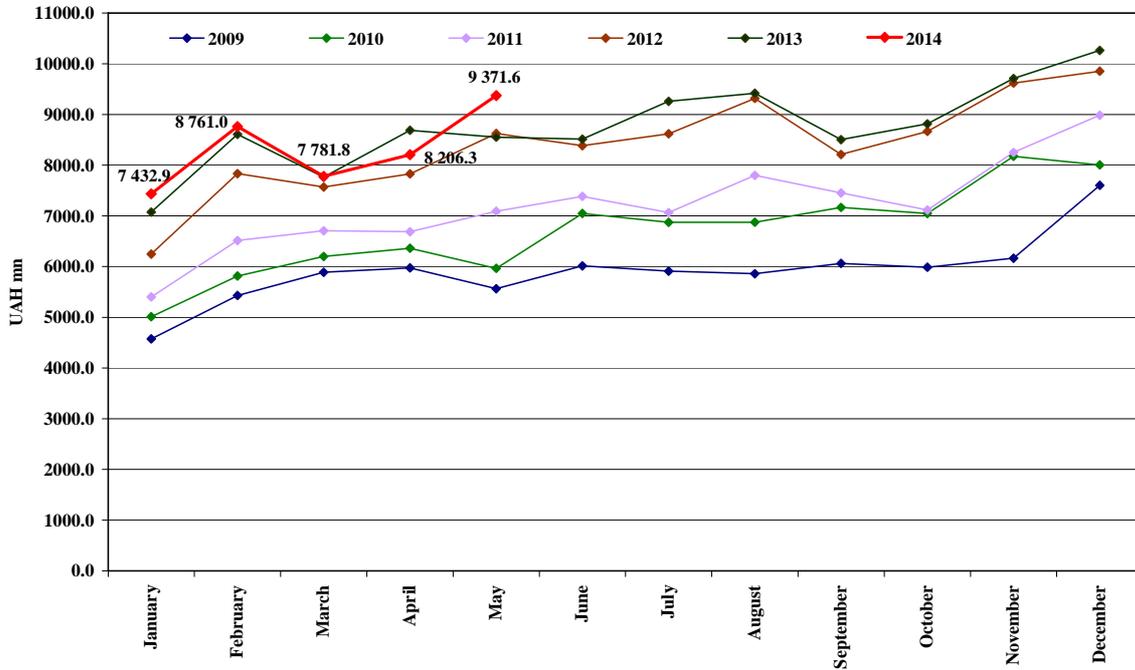
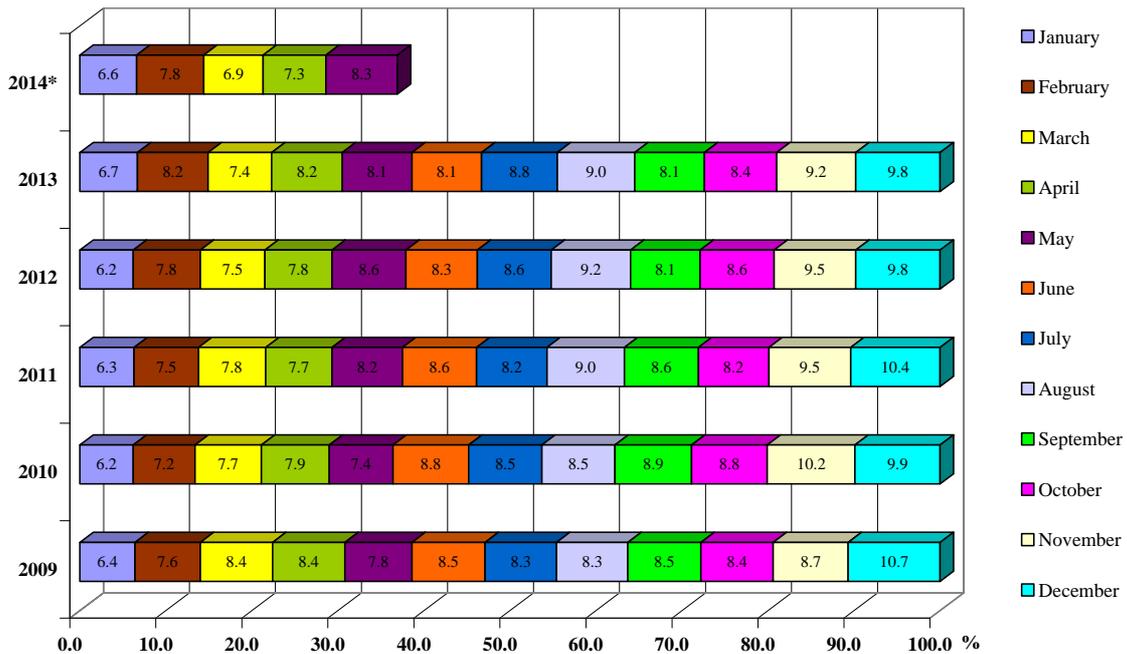


Diagram 2

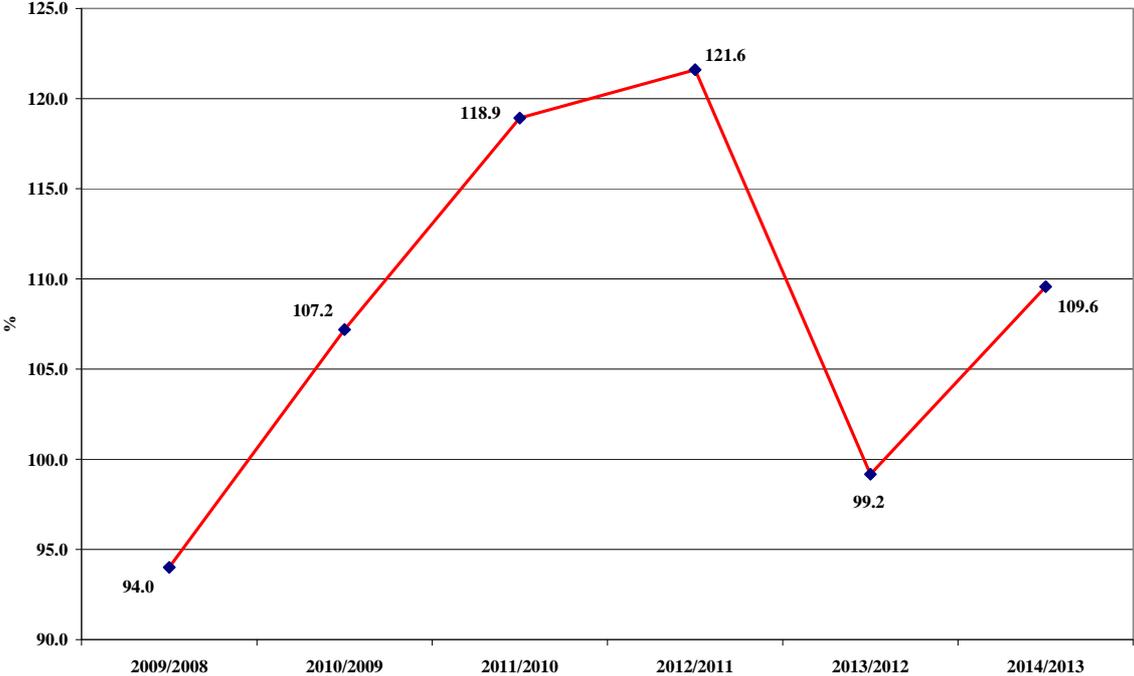
Dynamics of the Share of Local Budget Revenue in Annual Amounts in 2009–2014



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

Graph 9

Growth Rates of Local Budget Revenue in May 2009–2014



Graph 10

Growth Rates of Local Budget Revenue in January-May 2009–2014

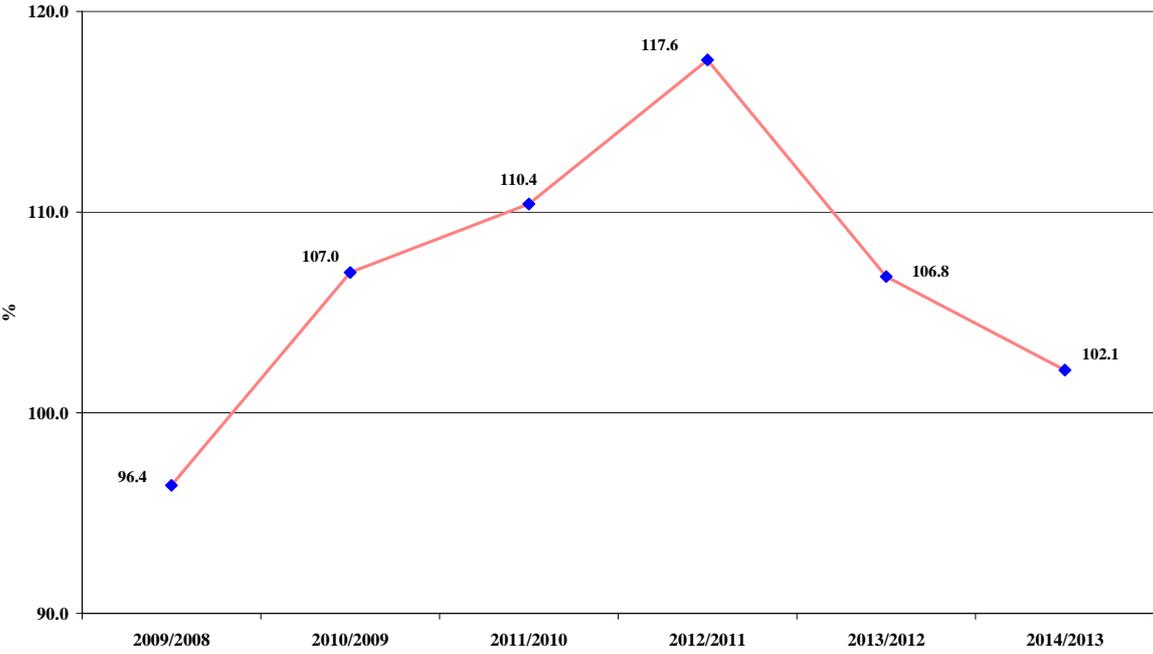


Diagram 3

Local Budget Revenue in May 2014

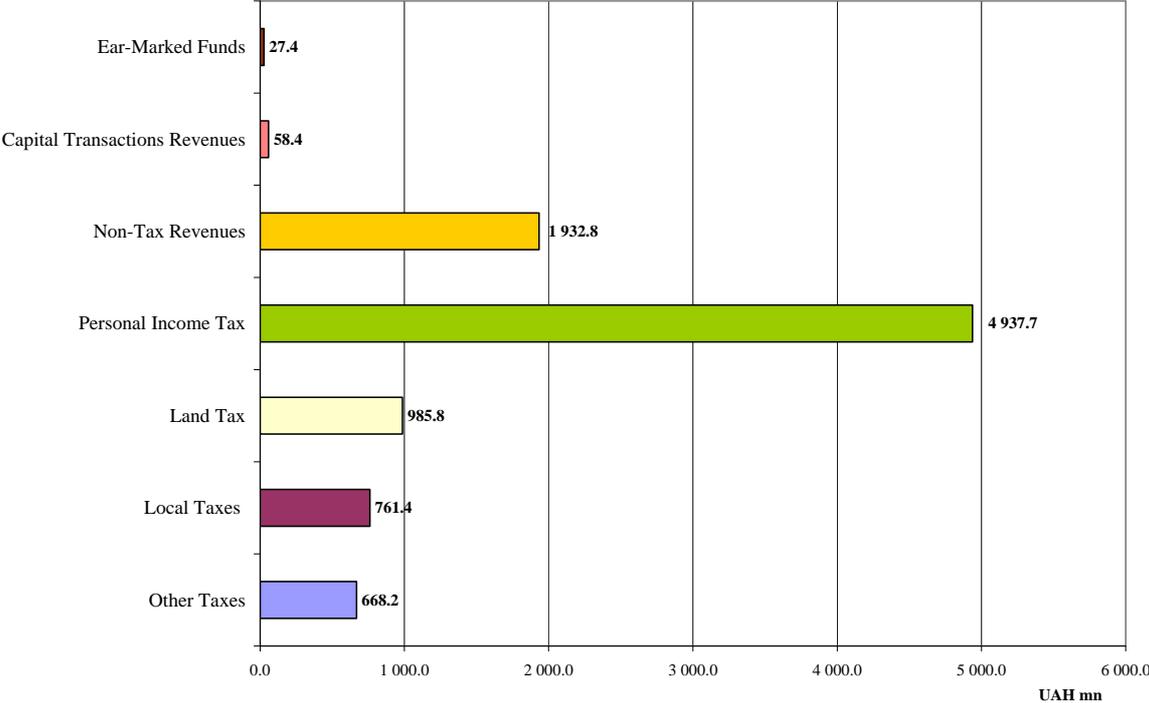
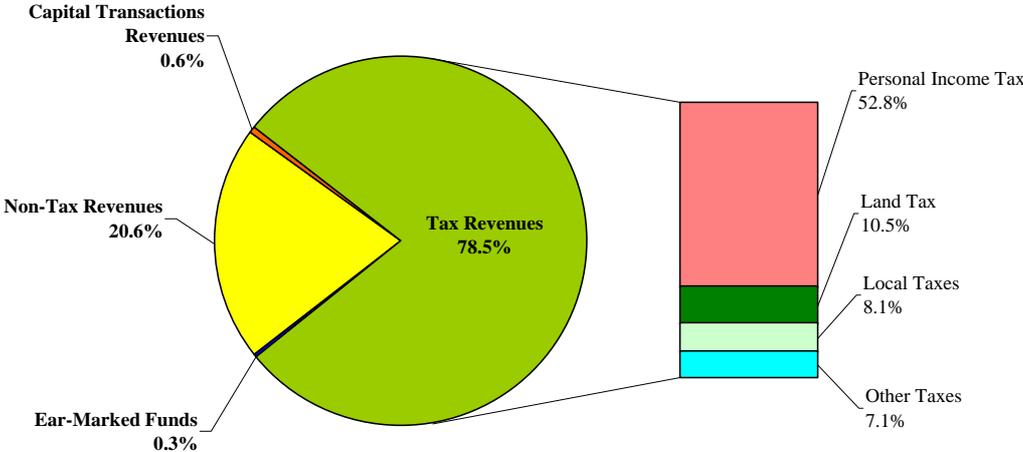


Diagram 4

Structure of Local Budget Revenues in May 2014



State Budget Deficit

Diagram 5

Budget Deficit/Surplus, Monthly Trends in 2009

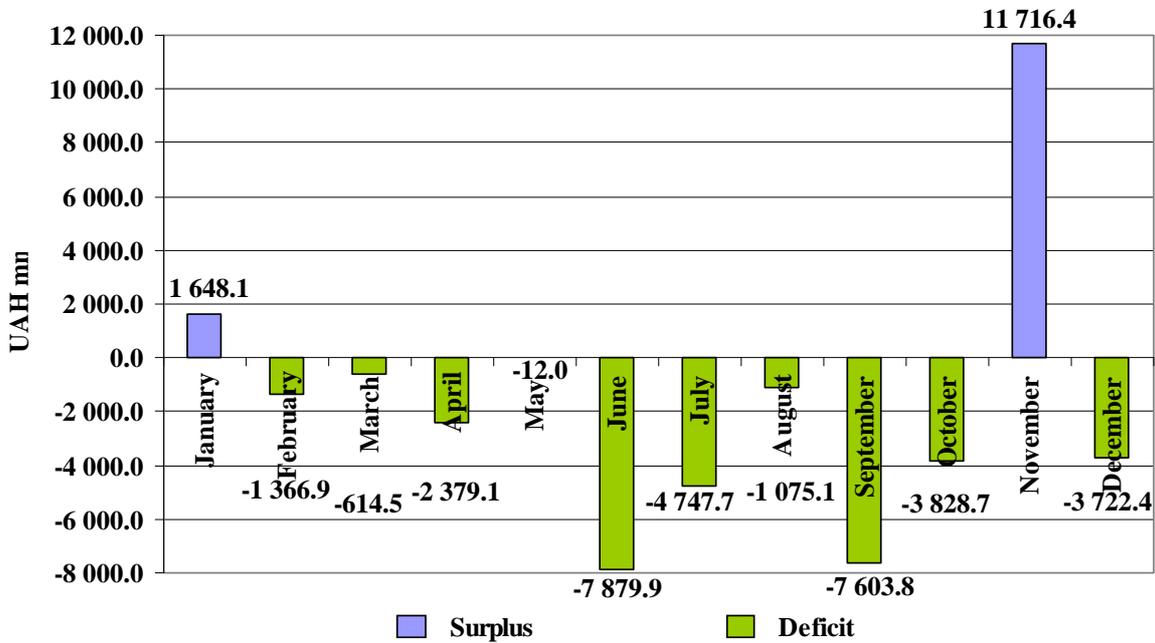


Diagram 6

Budget Deficit/Surplus, Monthly Trends in 2010

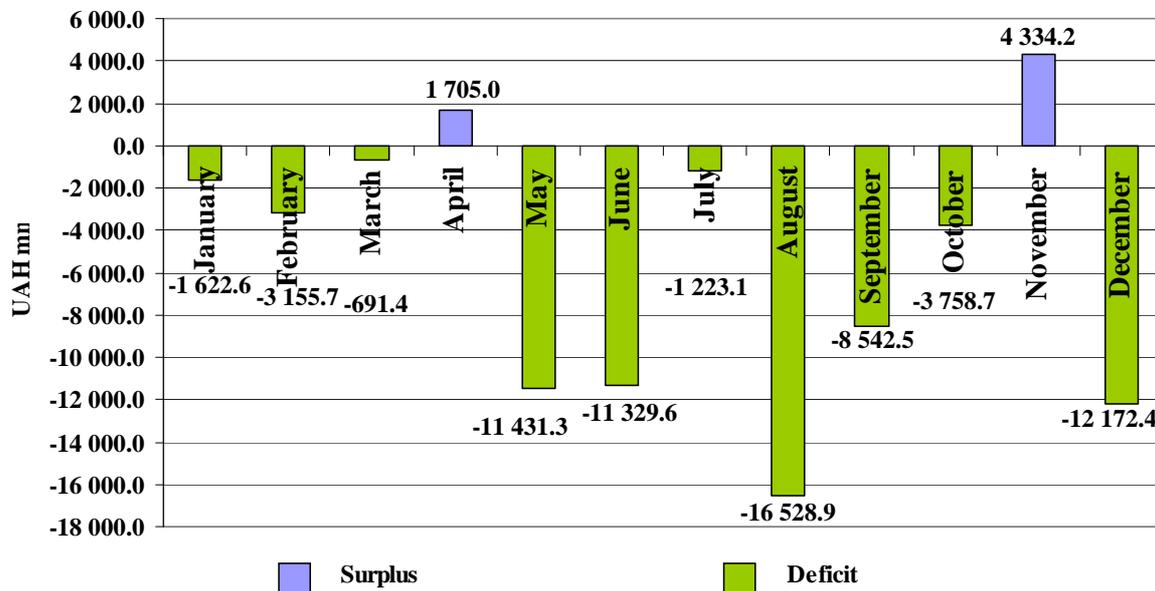


Diagram 7

Budget Deficit/Surplus, Monthly Trends in 2011

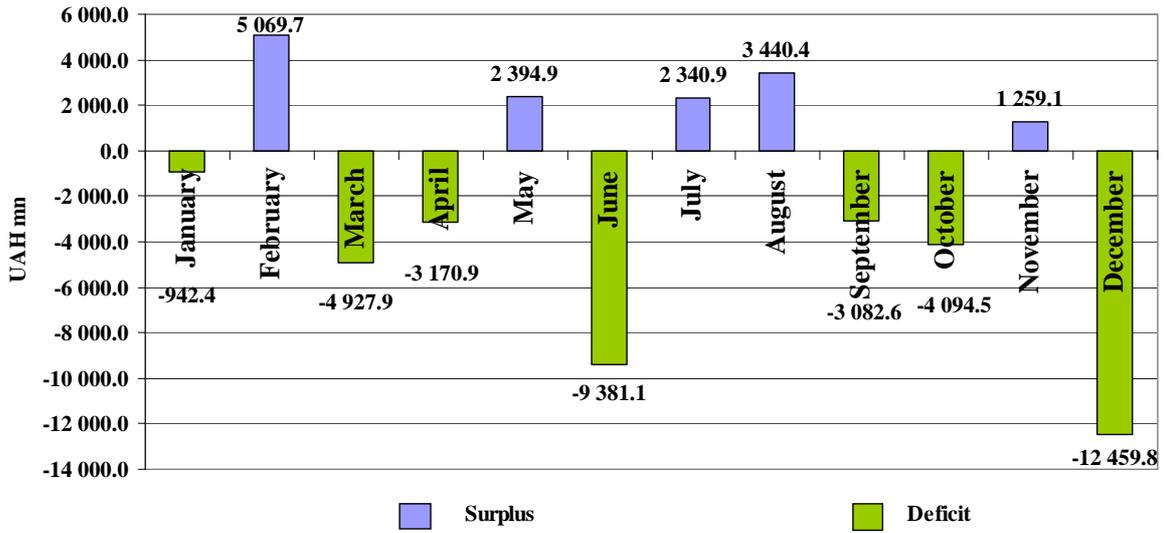


Diagram 8

Budget Deficit/Surplus, Monthly Trends in 2012

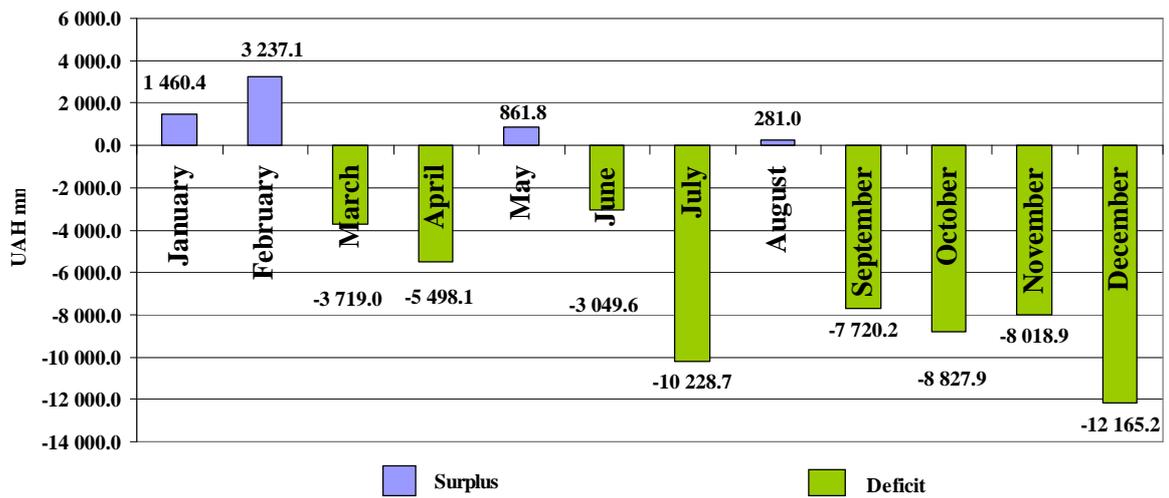


Diagram 9

Budget Deficit/Surplus, Monthly Trends in 2013

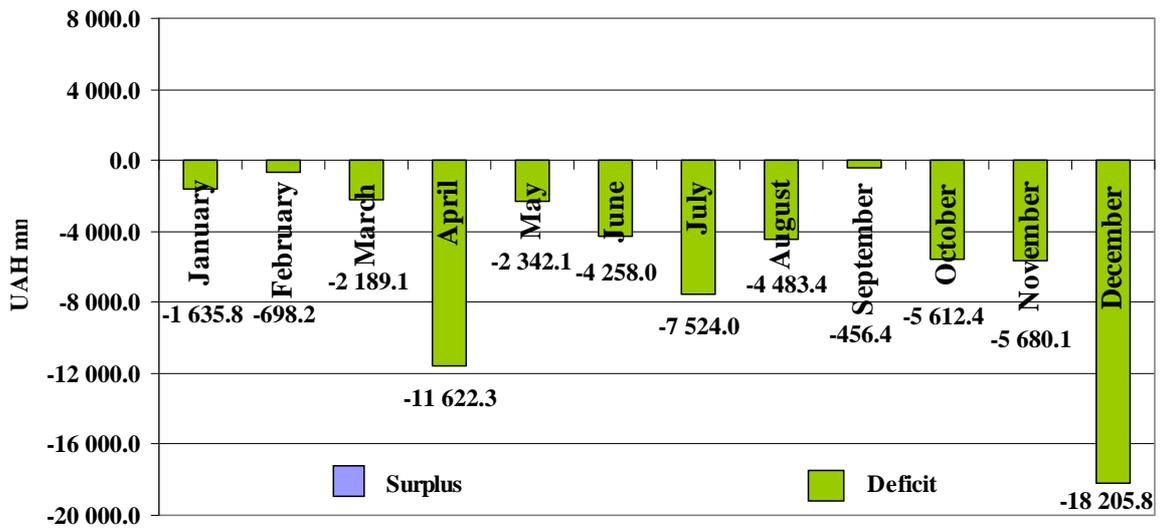
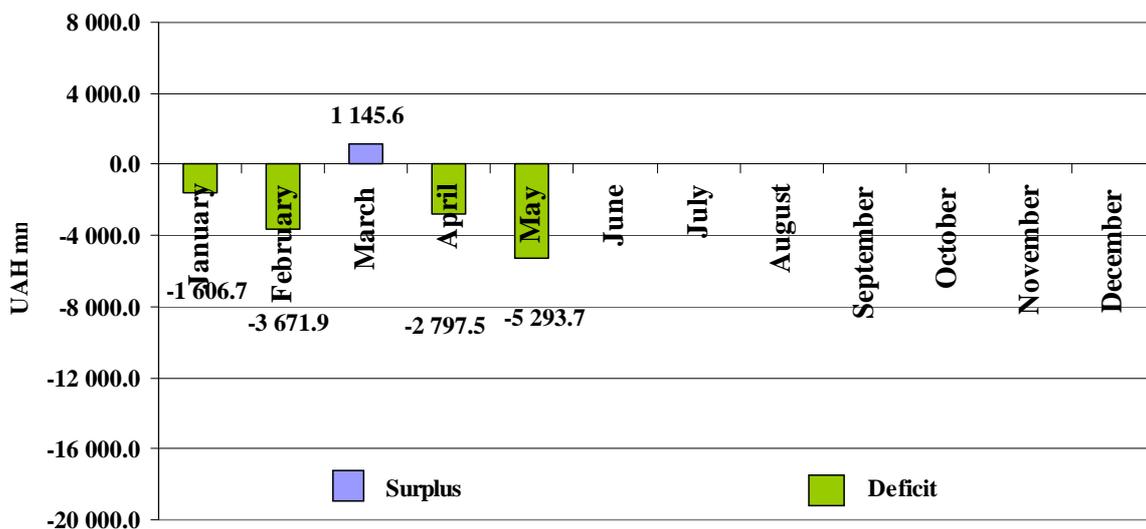


Diagram 10

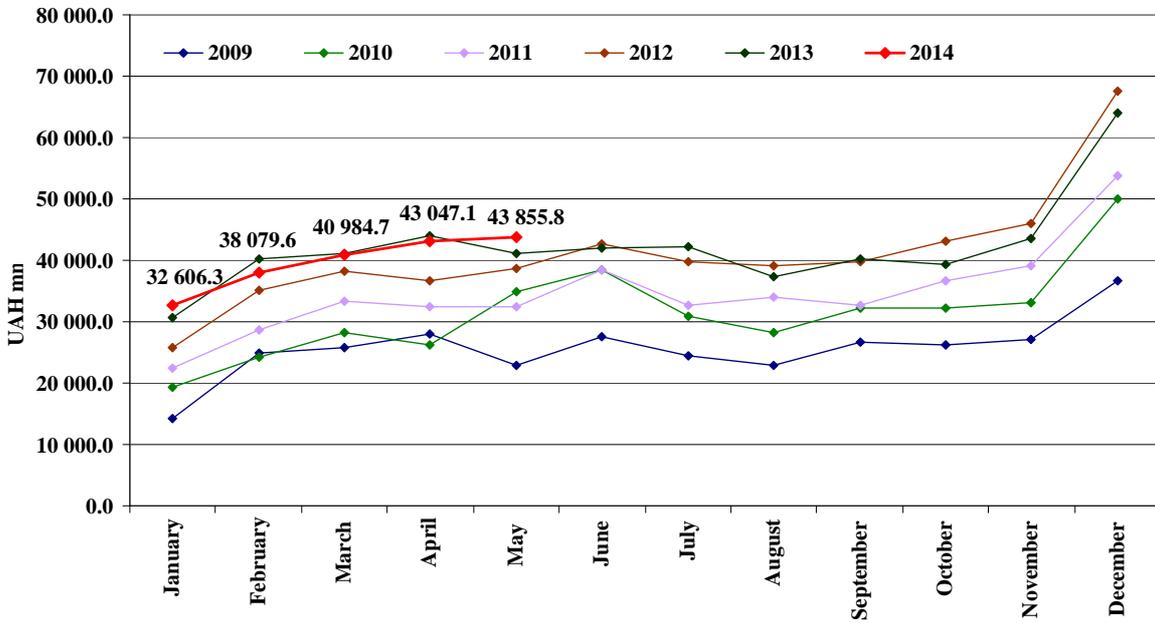
Budget Deficit/Surplus, Monthly Trends in 2014



Consolidated Budget Expenditures

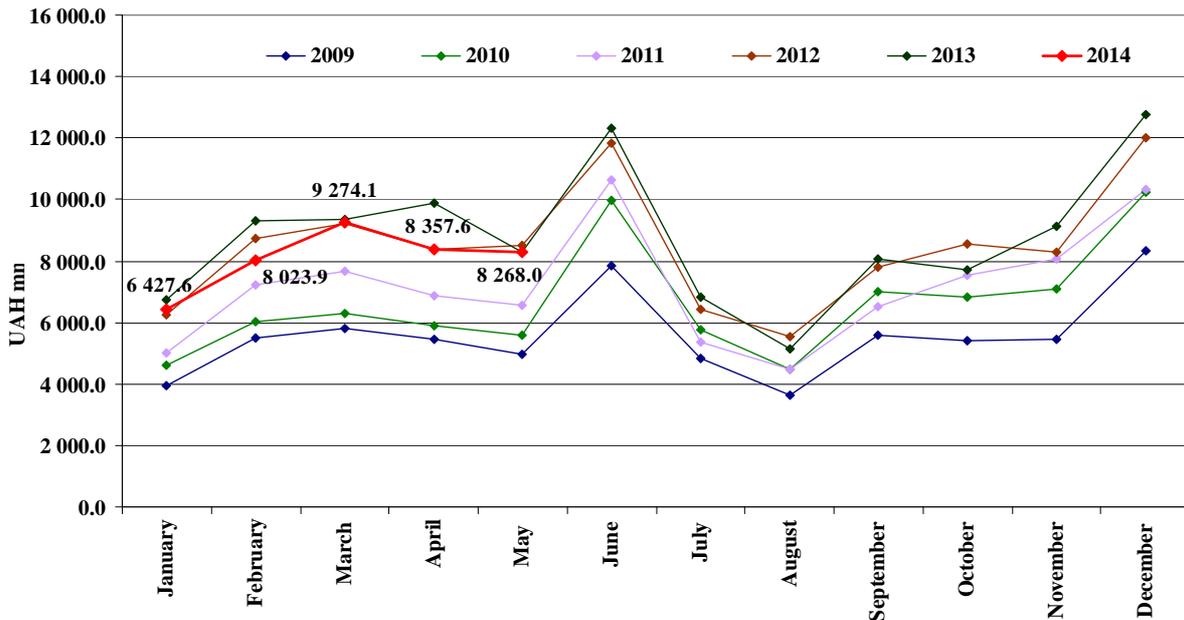
Graph 11

Consolidated Budget Expenditures, Monthly Trends in 2009–2014



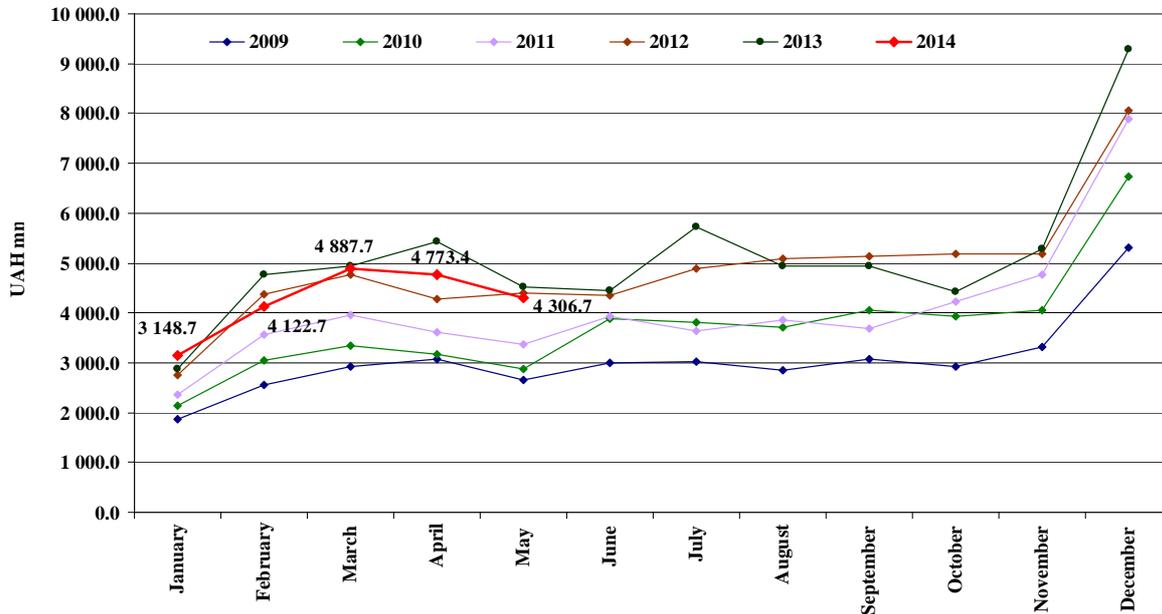
Graph 12

Consolidated Budget Education Expenditures, Monthly Trends in 2009–2014



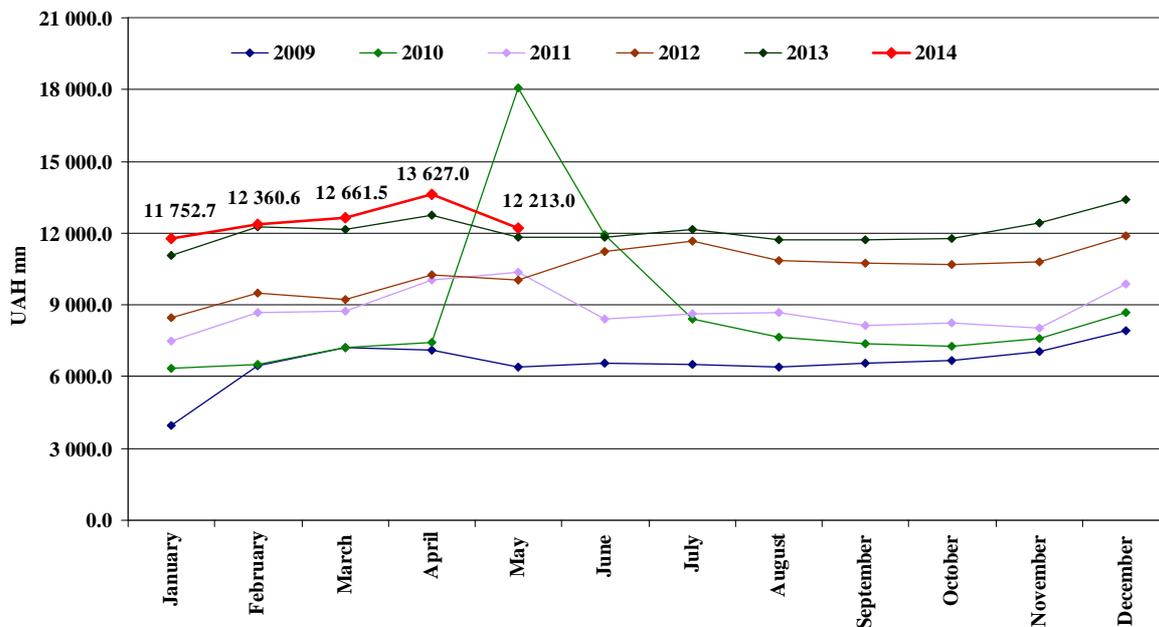
Graph 13

Consolidated Budget Health Expenditures, Monthly Trends in 2009–2014



Graph 14

Consolidated Budget Expenditures for Social Protection and Social Security, Monthly Trends in 2009–2014



State Budget Expenditures

Diagram 11

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

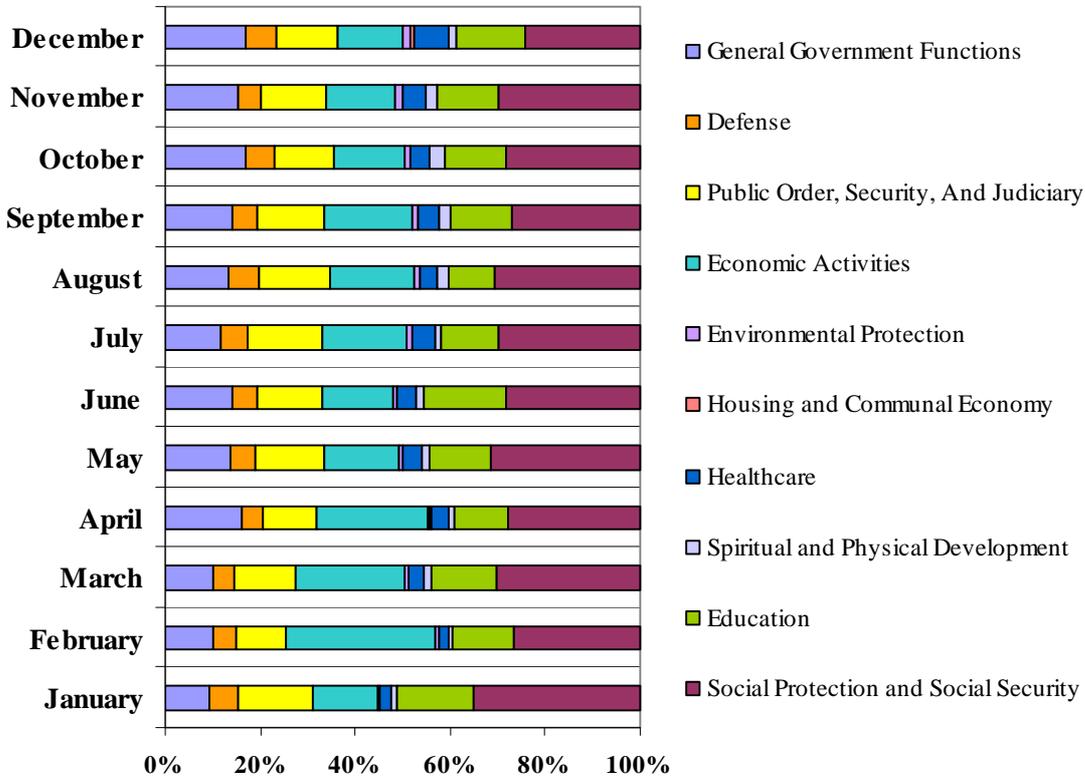


Diagram 12

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

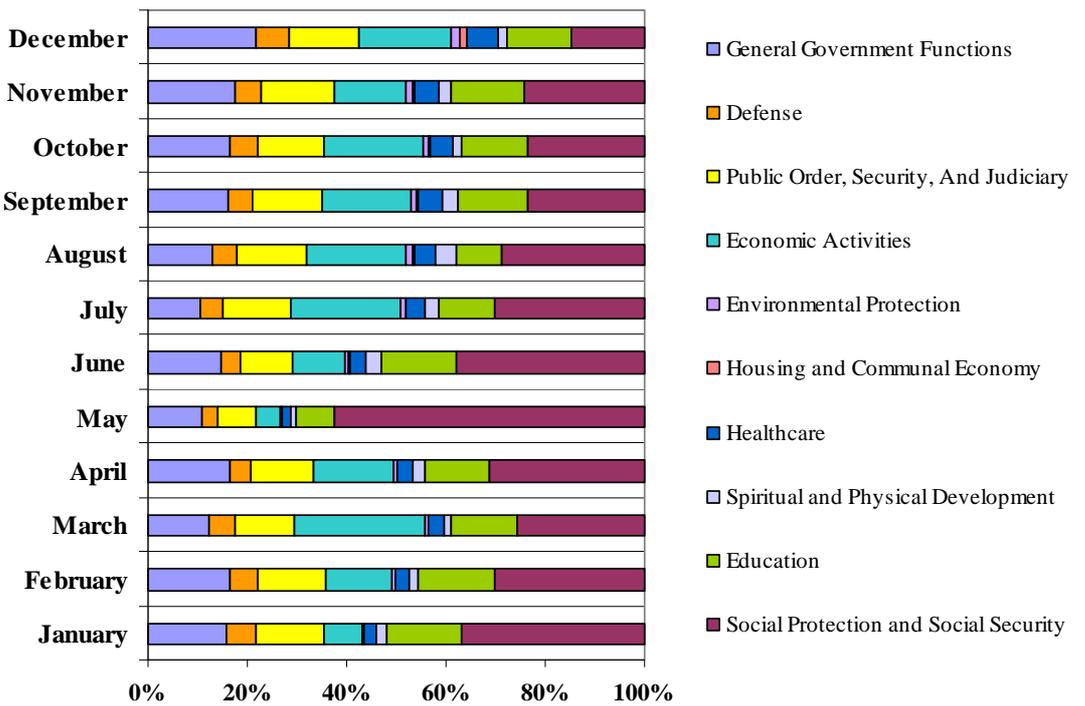


Diagram 13

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

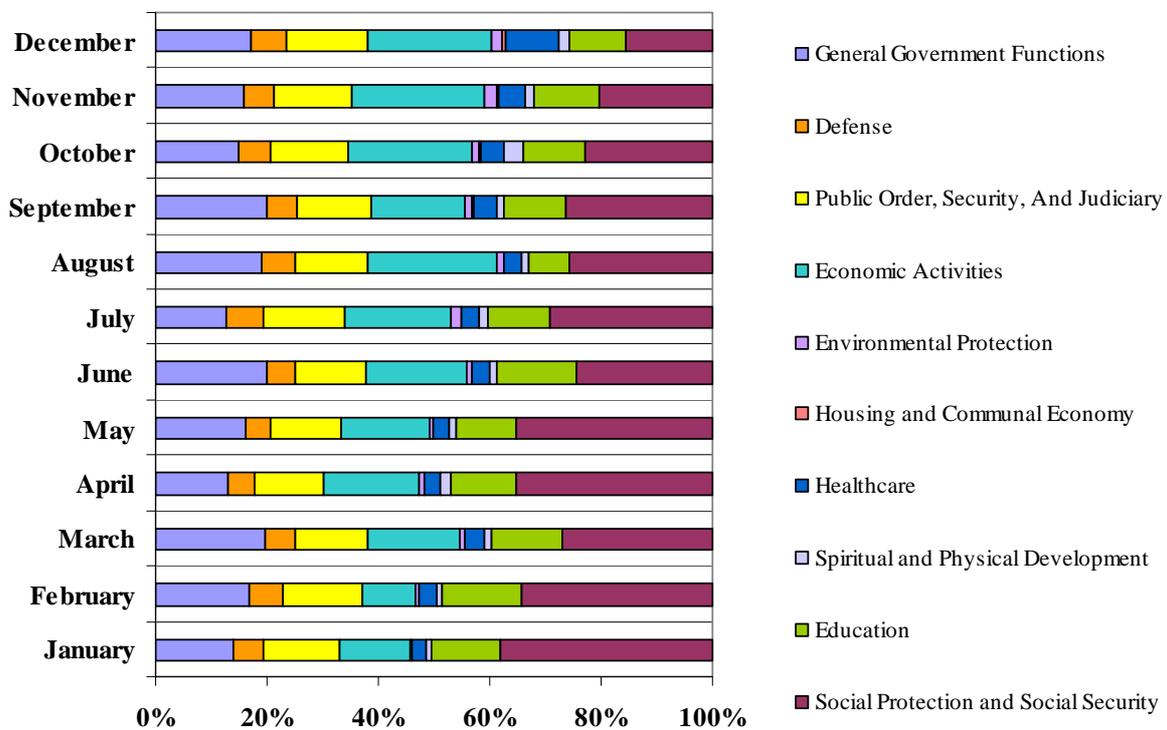


Diagram 14

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

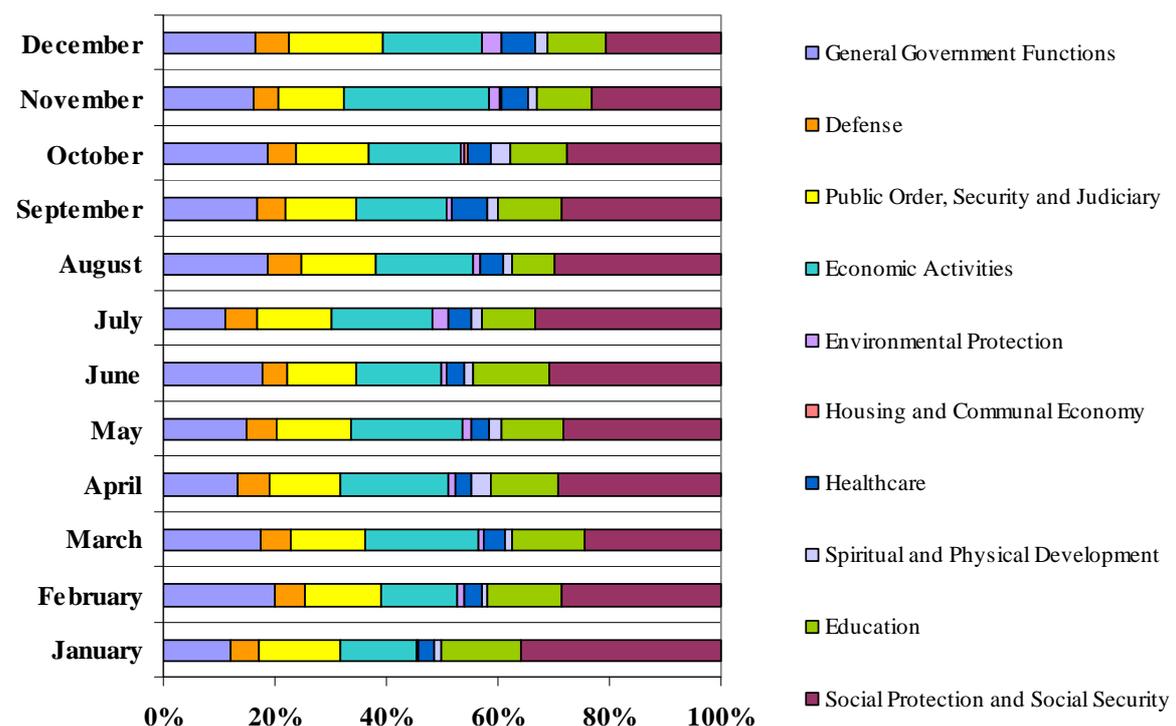


Diagram 15

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2013

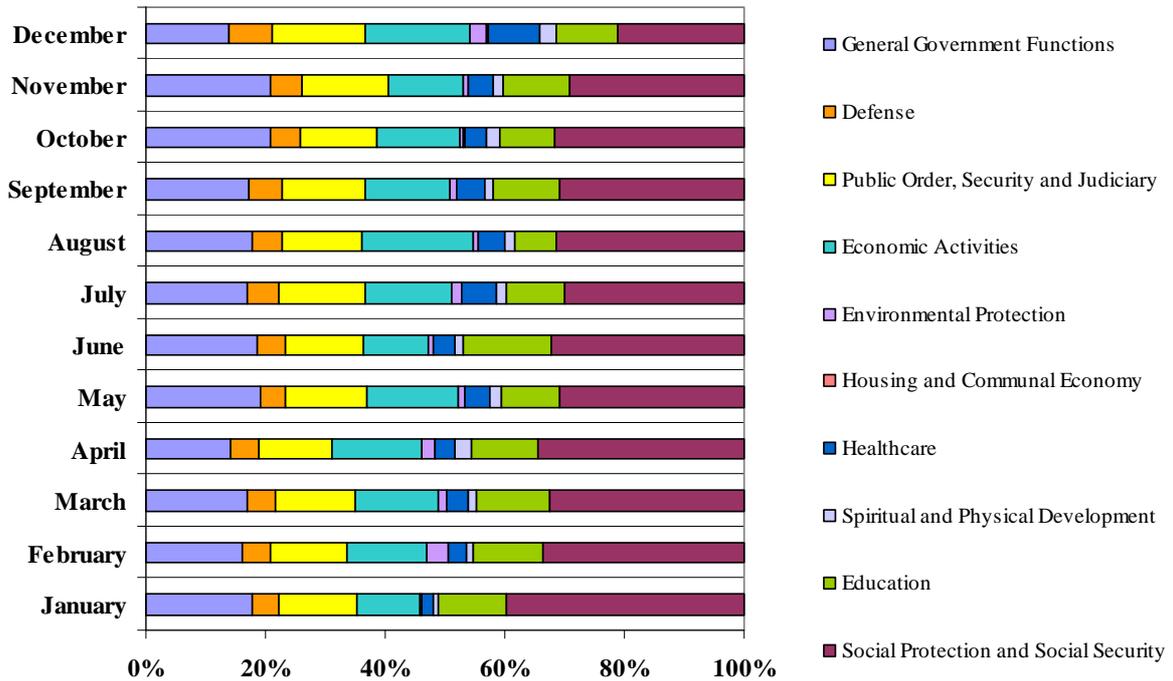
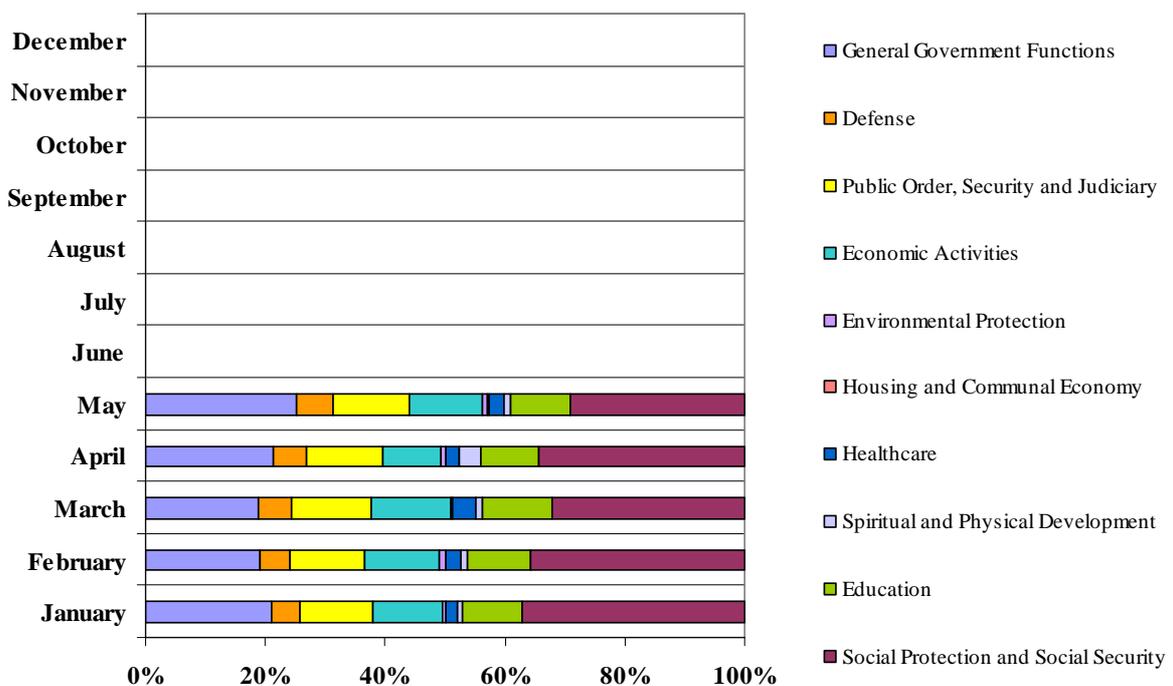


Diagram 16

Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2014



Graph 15

Monthly Trends of State Budget Expenditures in 2009–2014

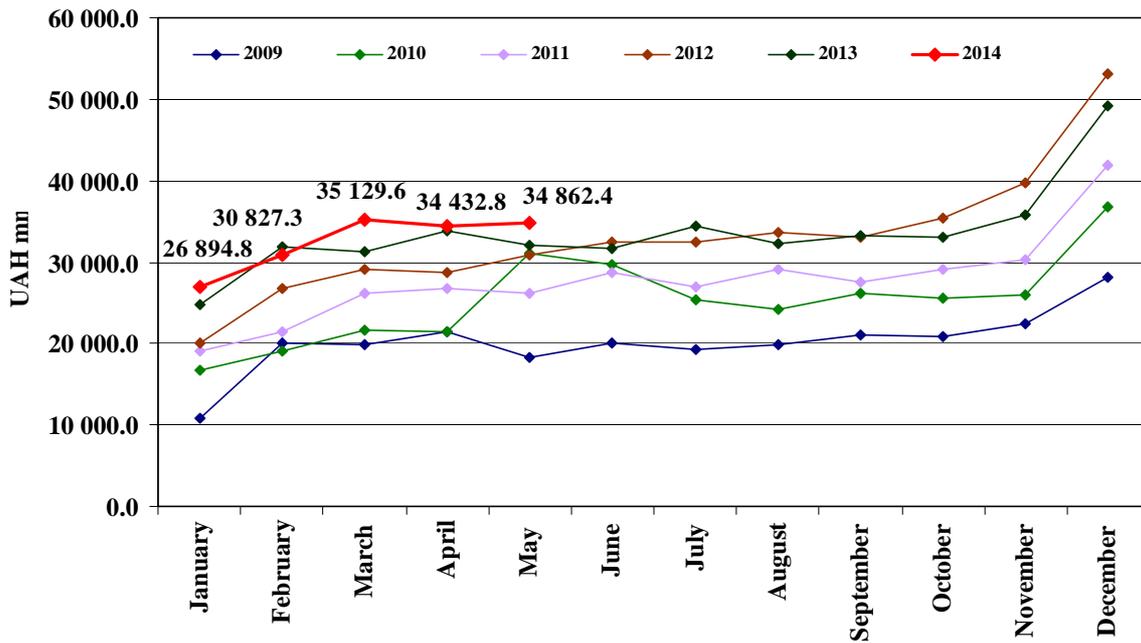
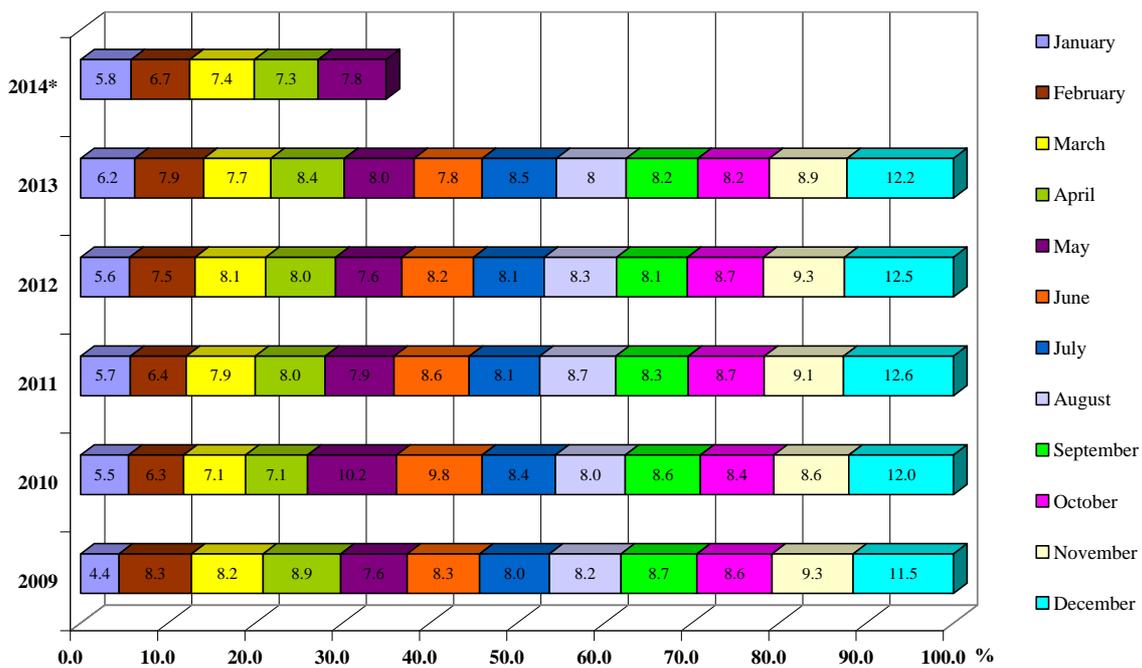


Diagram 17

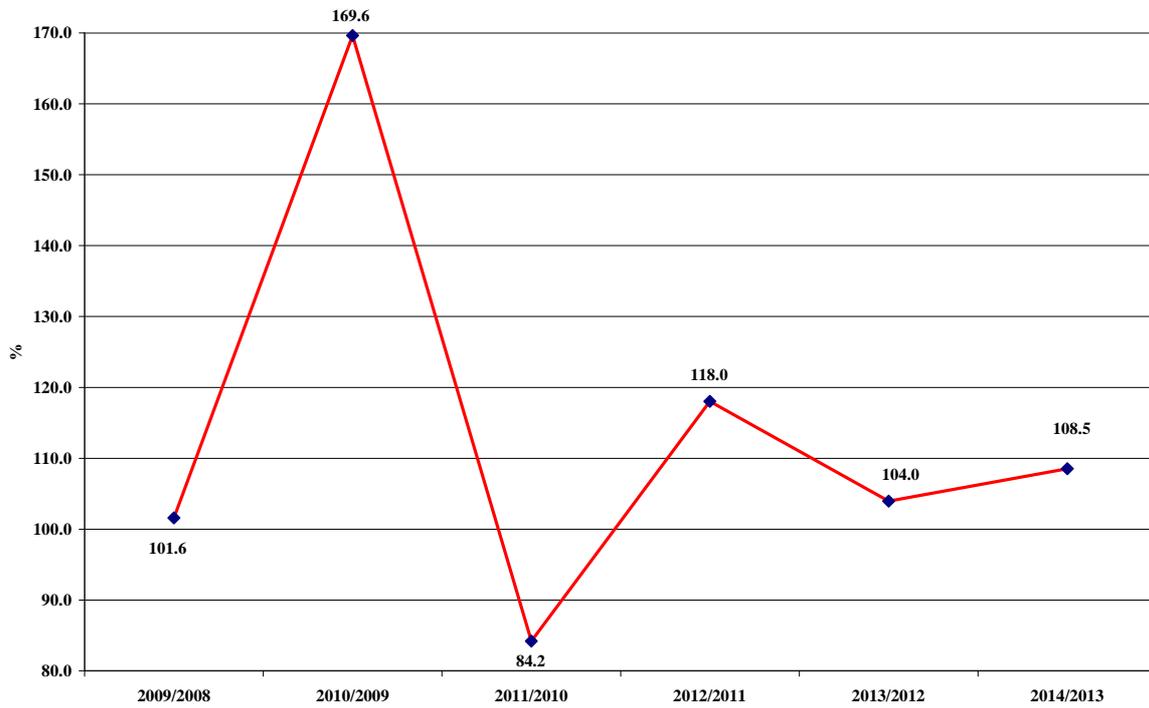
Dynamics of the Share of Ukraine's State Budget Total Expenditures in Annual Amounts in 2009–2014



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

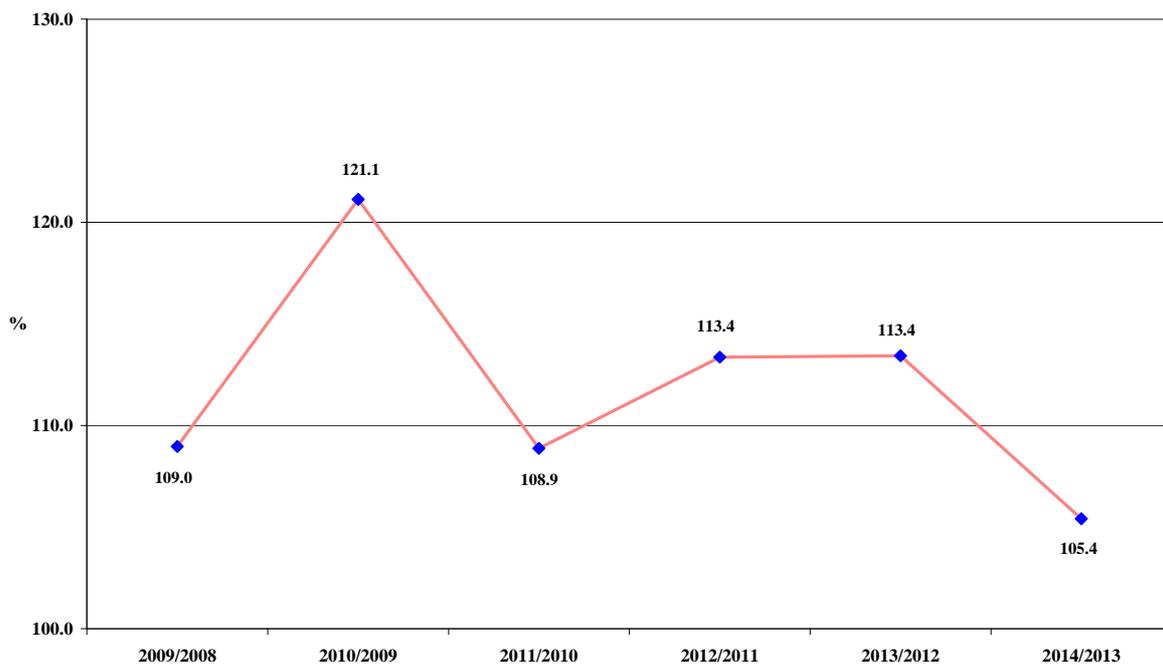
Graph 16

Growth Rates of Ukraine's State Budget Expenditures in May 2009–2014



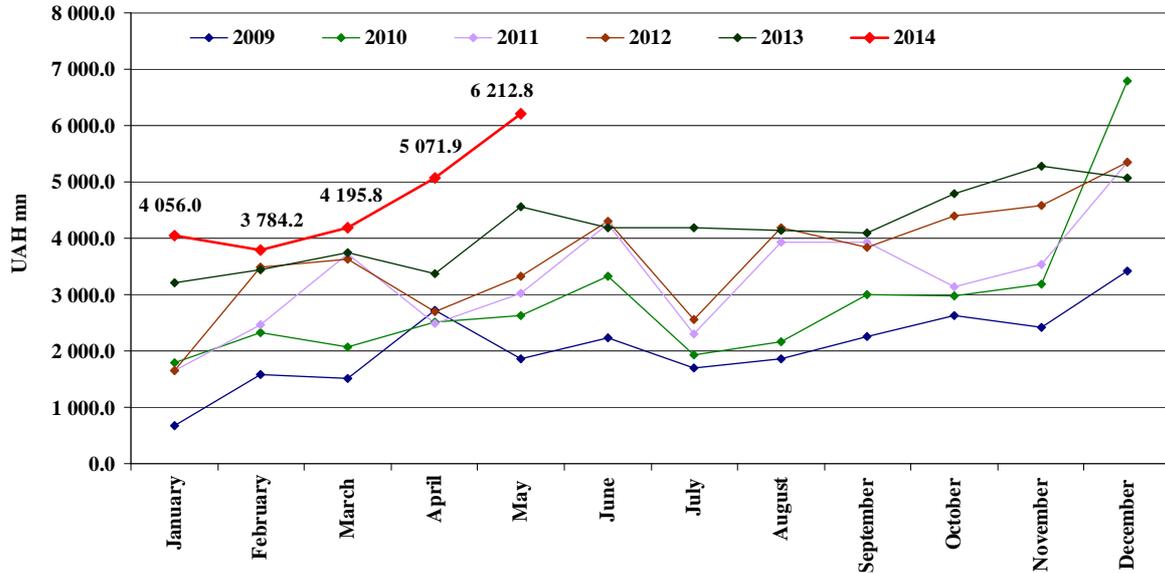
Graph 17

Growth Rates of Ukraine's State Budget Expenditures in January-May 2009–2014



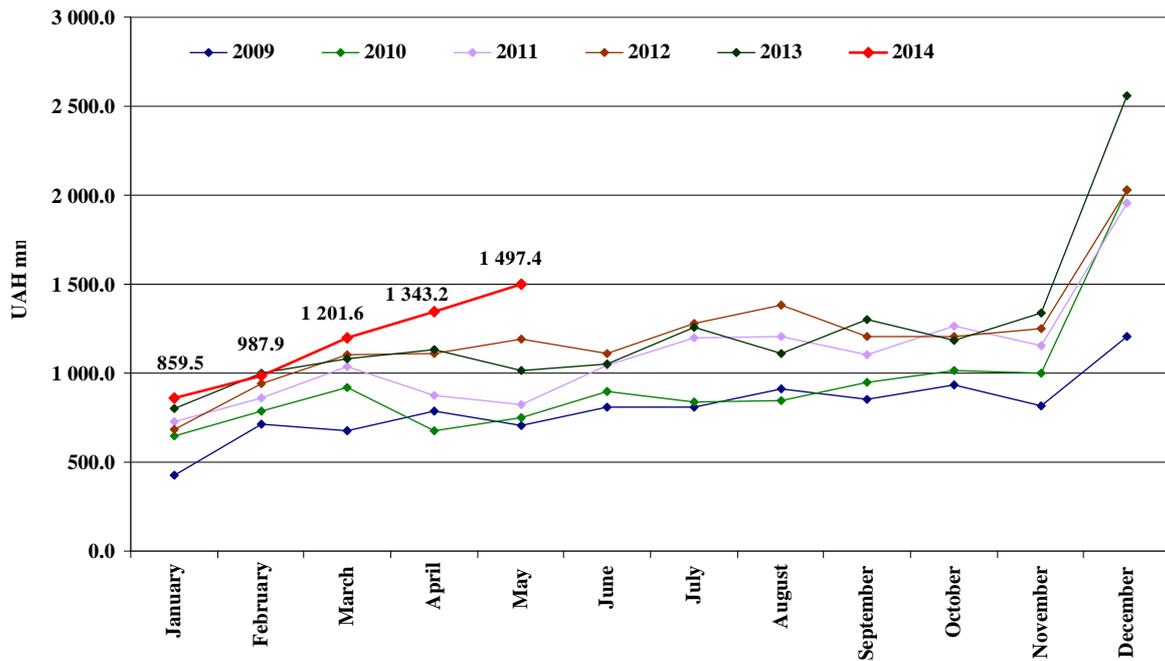
Graph 18

State Budget Expenditures for General Government Functions, Monthly Trends in 2009–2014



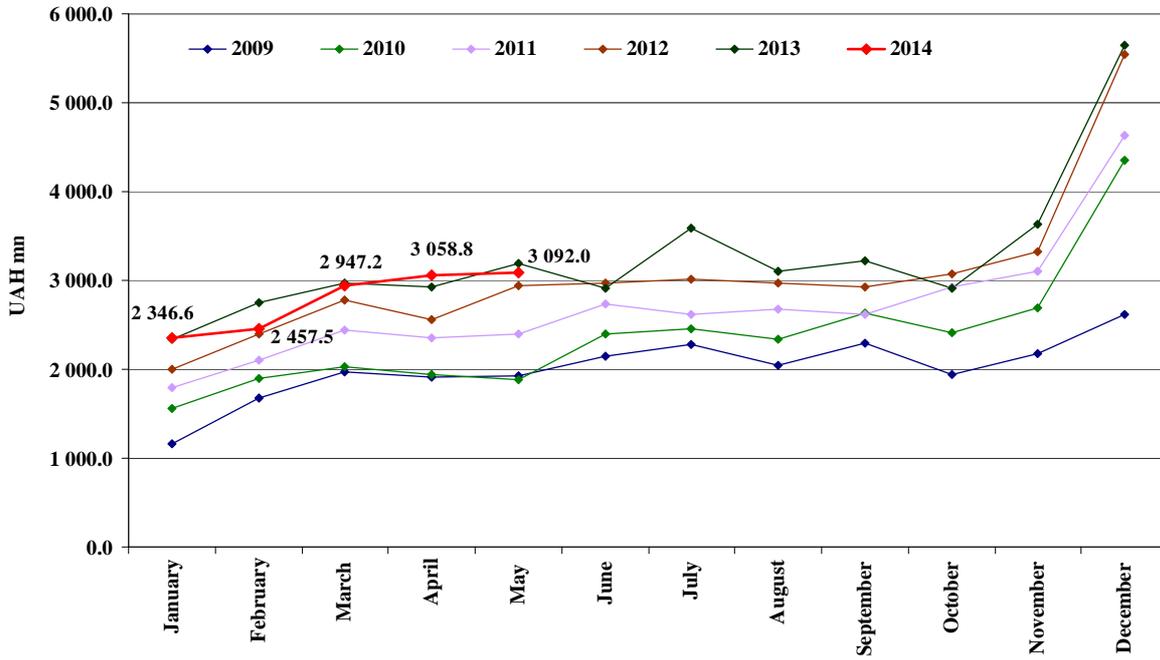
Graph 19

State Budget Expenditures for Defense, Monthly Trends in 2009–2014



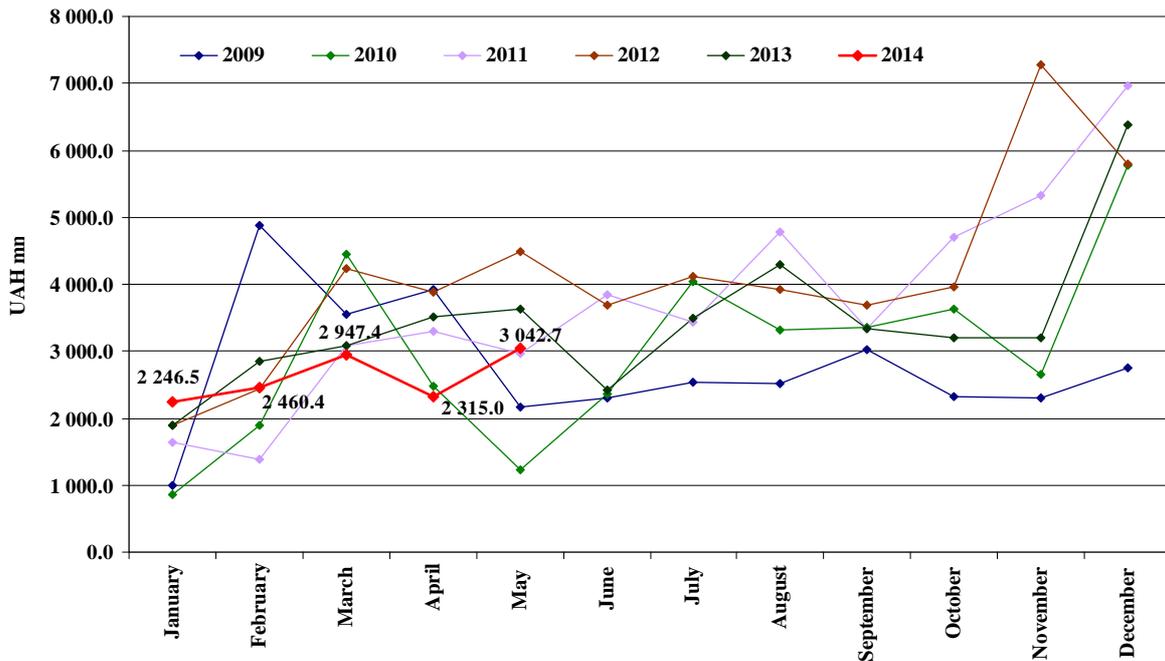
Graph 20

State Budget Expenditures for Public Order, Security, and the Judiciary, Monthly Trends in 2009–2014



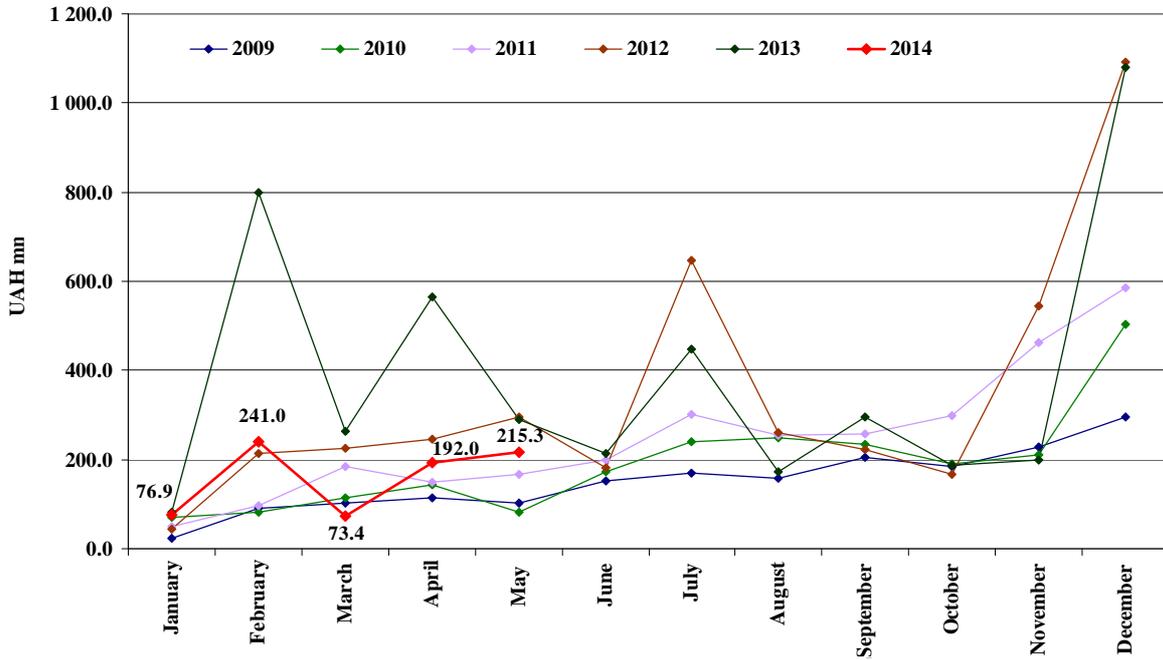
Graph 21

State Budget Expenditures for Economic Activities, Monthly Trends in 2009–2014



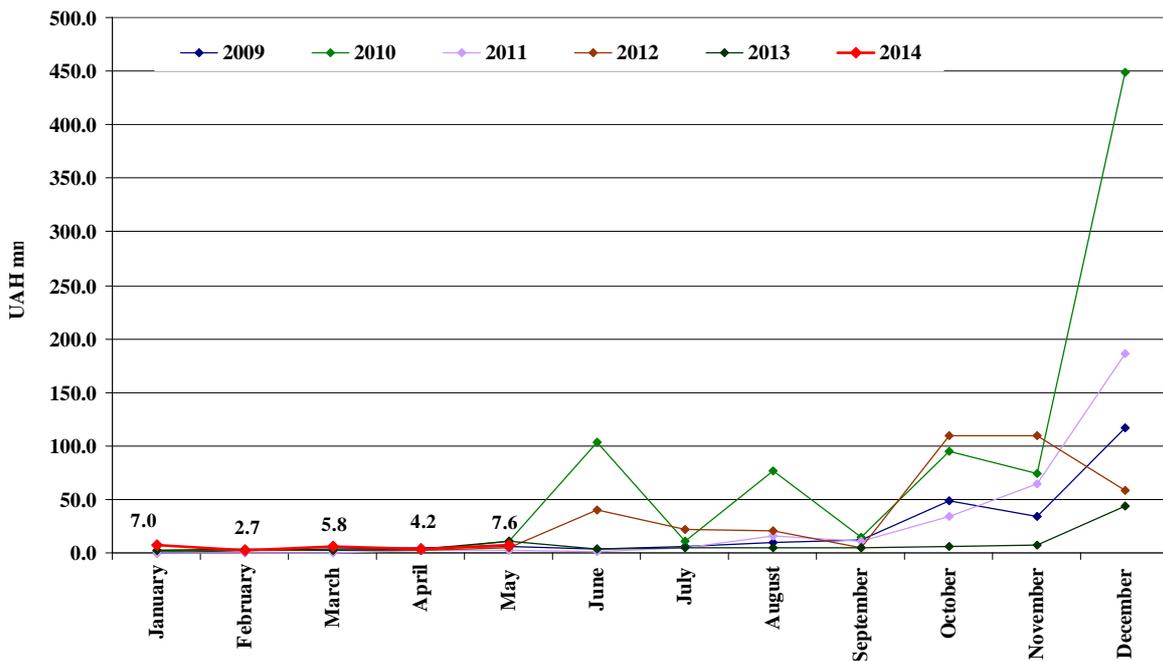
Graph 22

State Budget Expenditures for Environmental Protection, Monthly Trends in 2009–2014



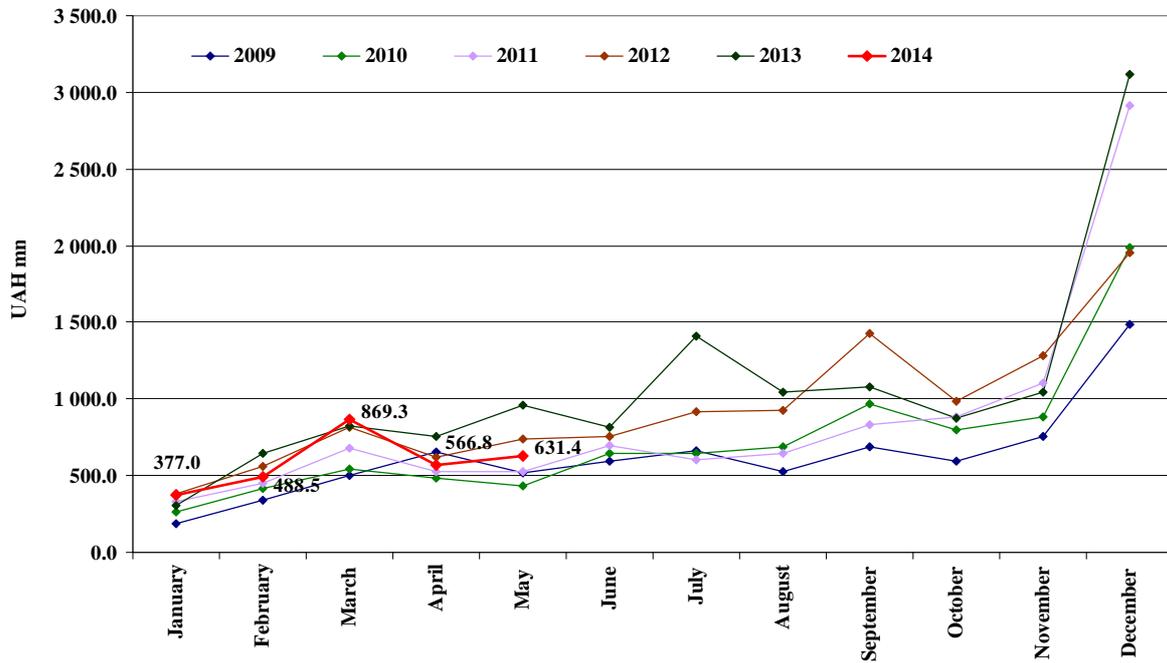
Graph 23

State Budget Expenditures for the Housing and Communal Sector, Monthly Trends in 2009–2014



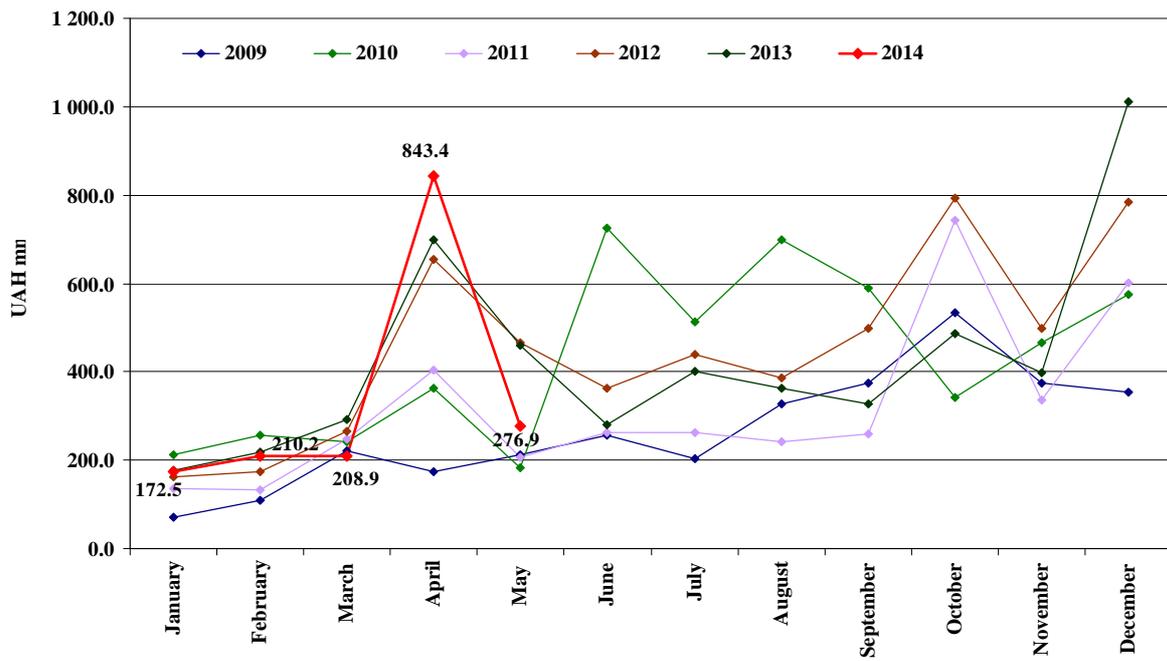
Graph 24

State Budget Expenditures for Healthcare, Monthly Trends in 2009–2014



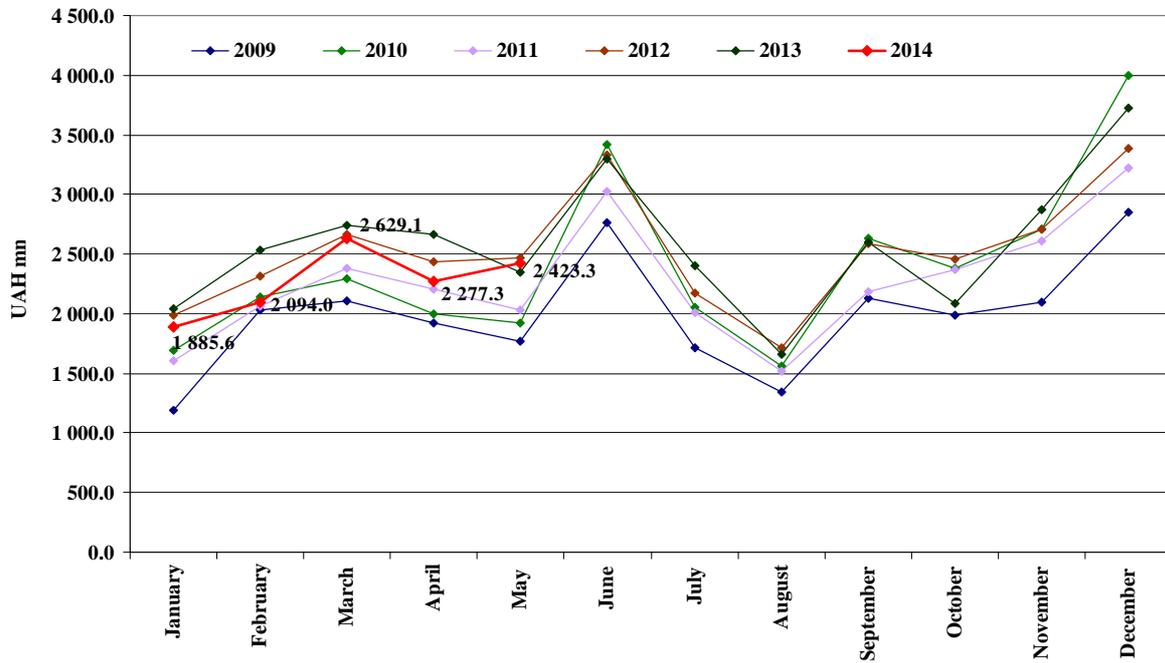
Graph 25

State Budget Expenditures for Spiritual and Physical Development, Monthly Trends in 2009–2014



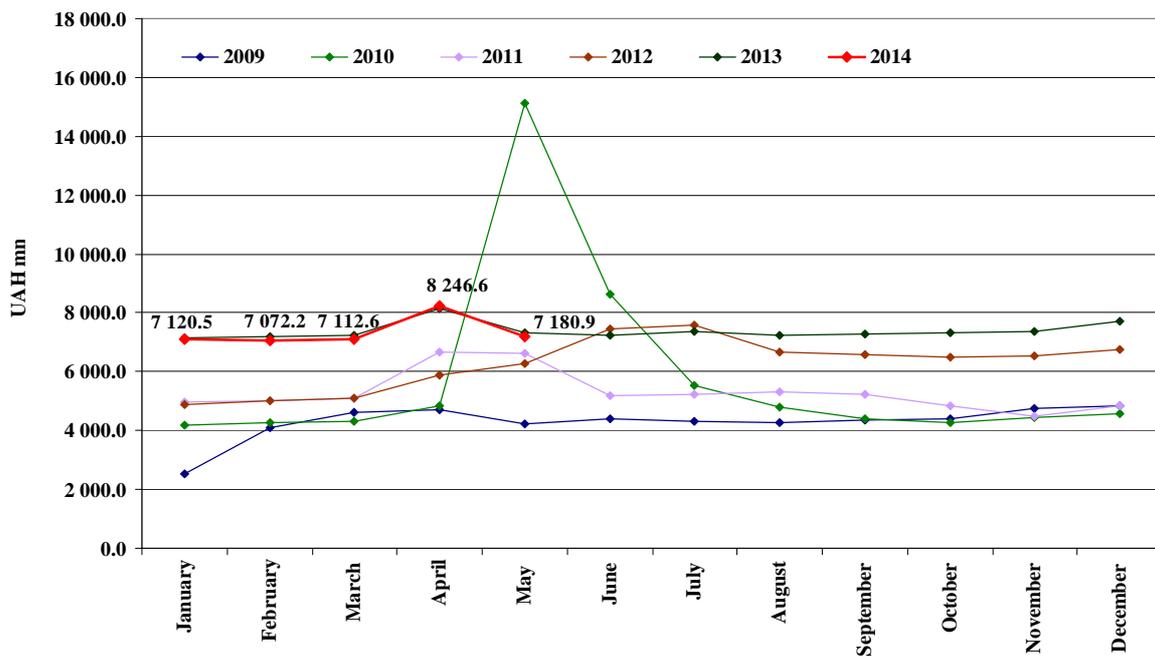
Graph 26

State Budget Expenditures for Education, Monthly Trends in 2009–2014



Graph 27

State Budget Expenditures for Social Protection and Social Security, Monthly Trends in 2009–2014



Local Budget Expenditures

Graph 28

Total Local Budget Expenditures (Less Intergovernmental Transfers), Monthly Trends in 2009–2014

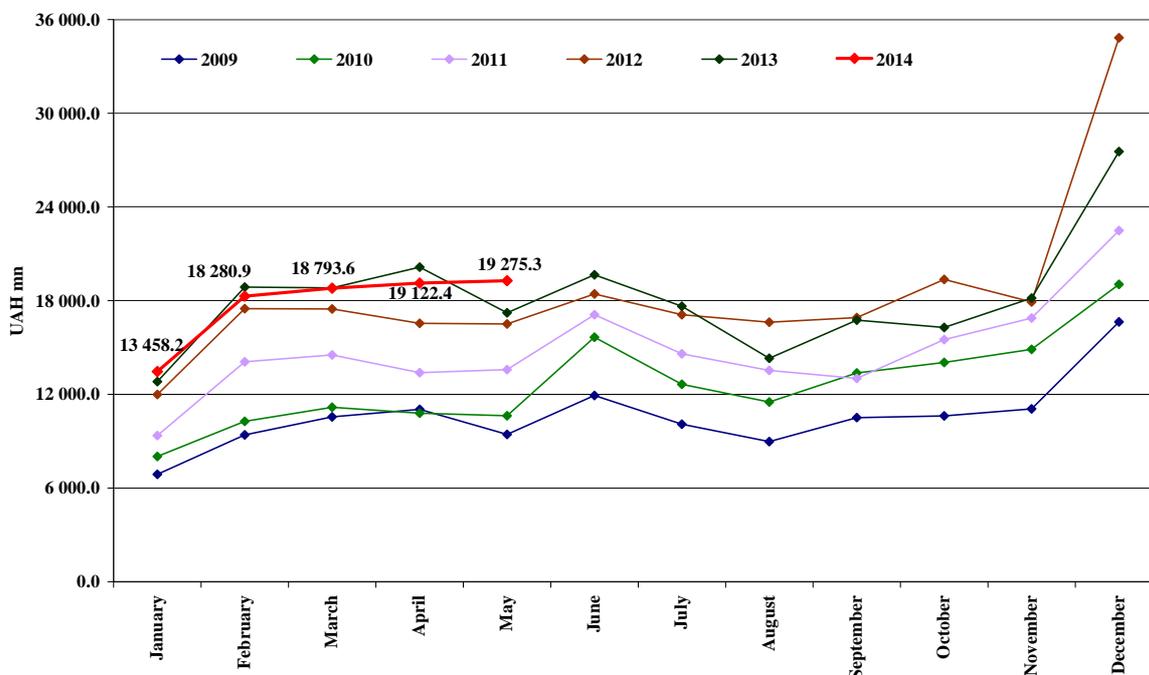
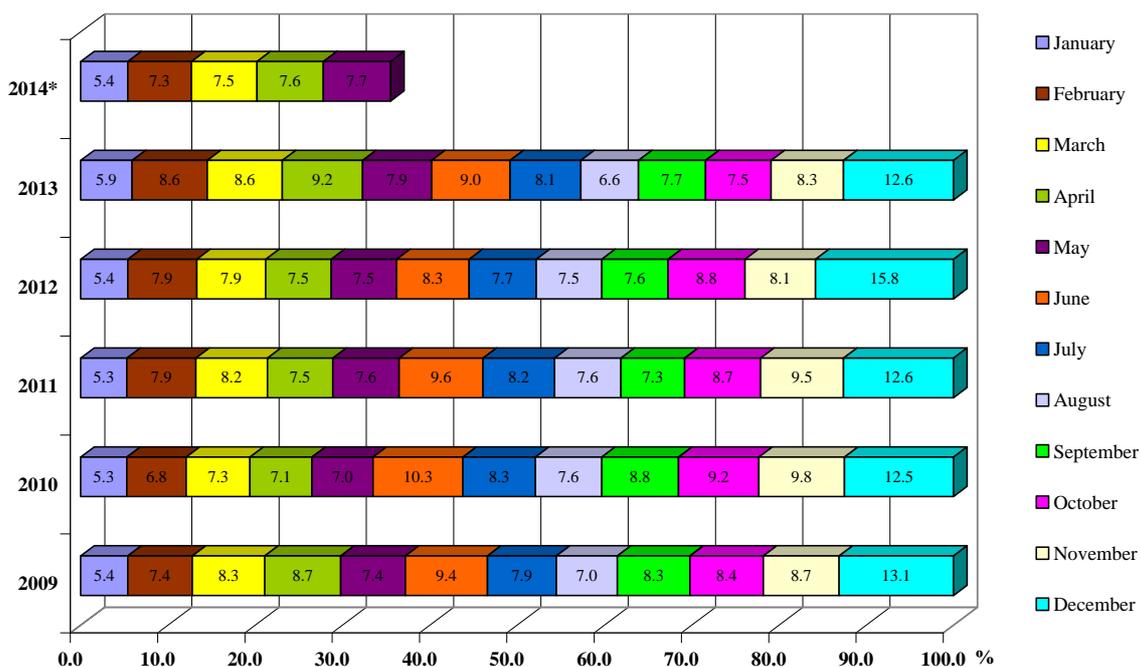


Diagram 18

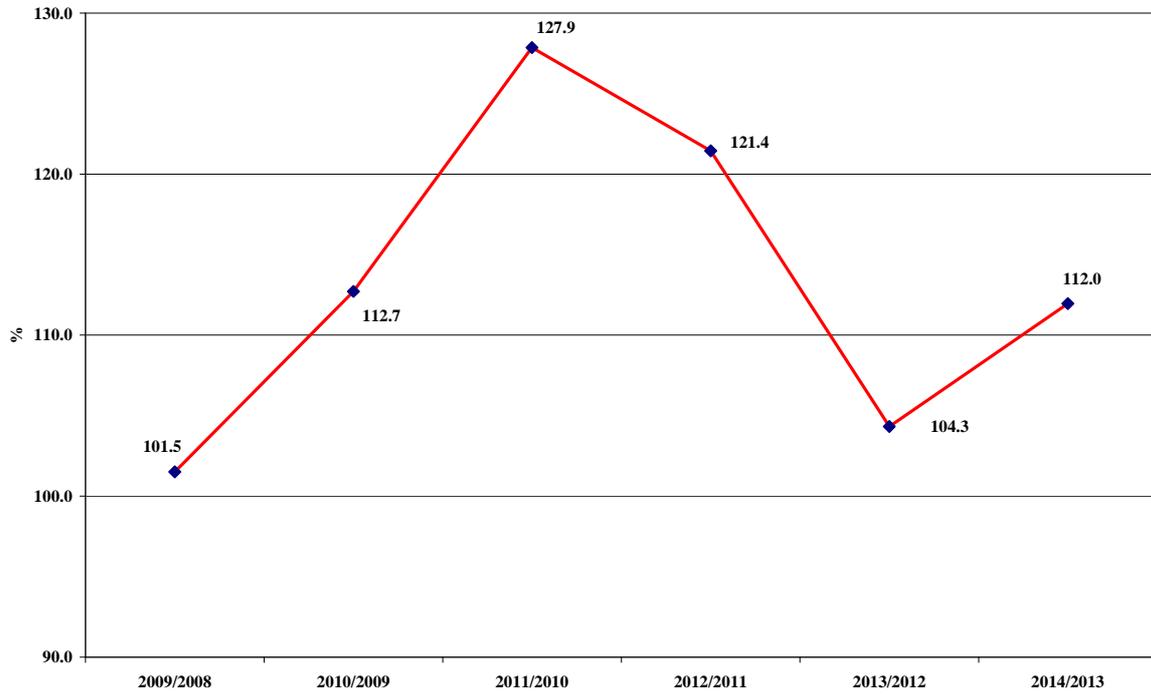
Dynamics of the Share of Local Budget Expenditures in Annual Amounts in 2009–2014



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

Graph 29

Growth Rates of Local Budget Expenditures in May 2009–2014



Graph 30

Growth Rates of Local Budget Expenditures in January-May 2009–2014

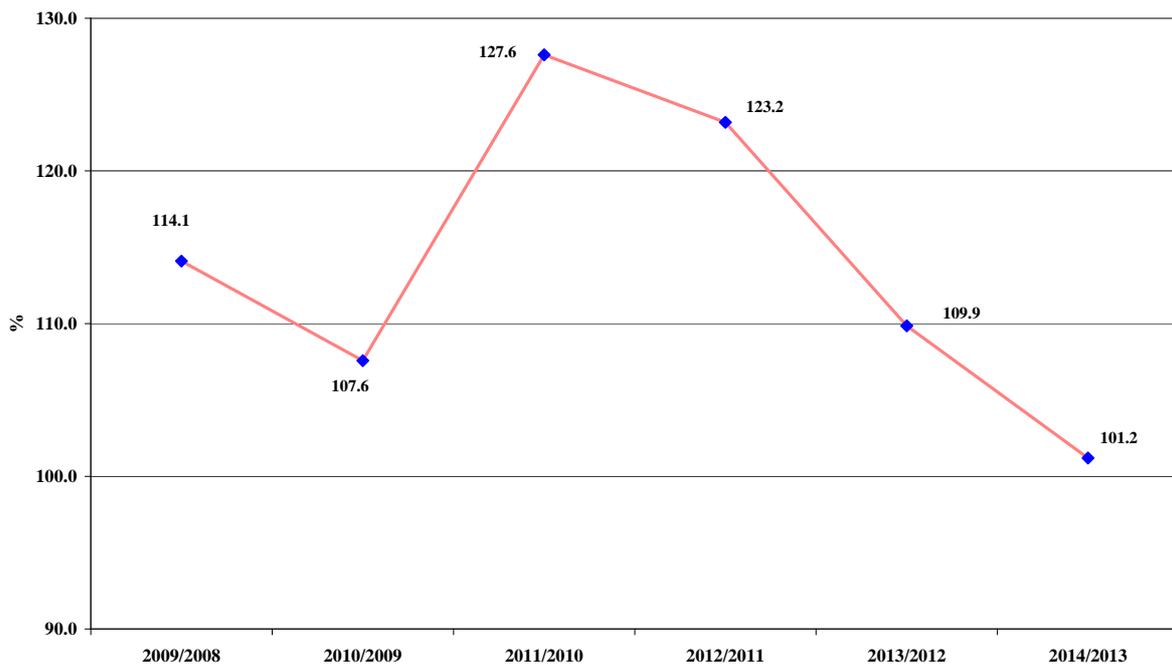


Diagram 19

Local Budget Expenditures by Functional Classification in May 2014

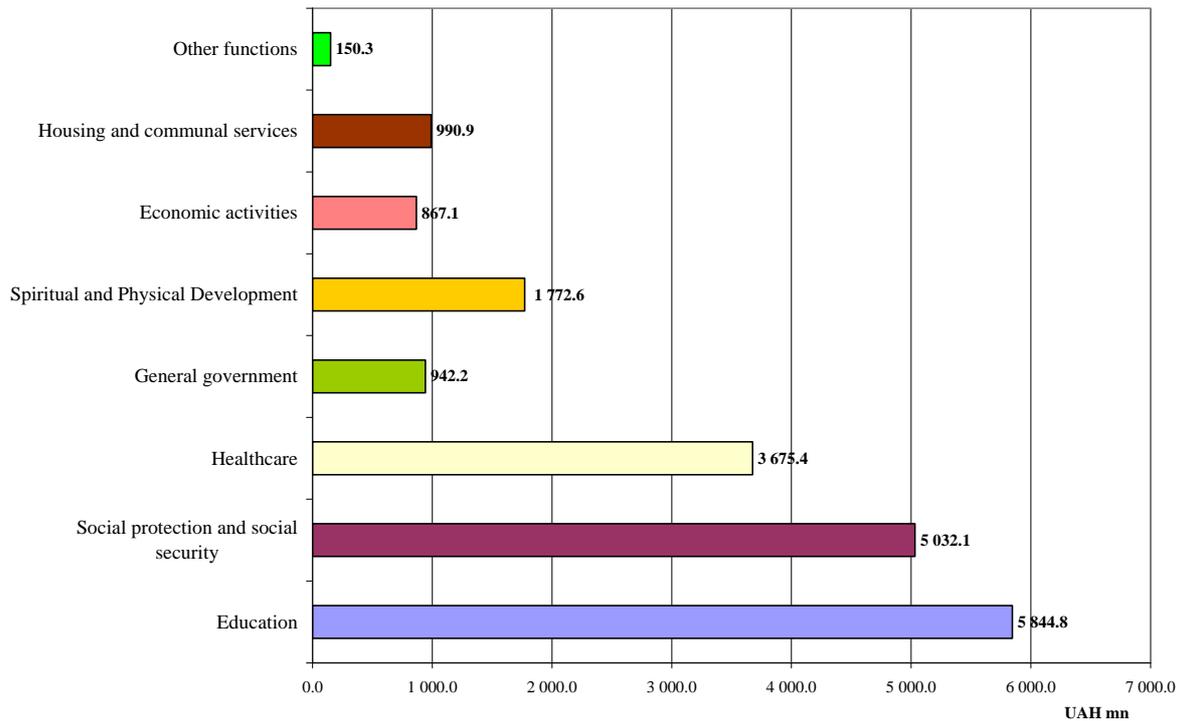
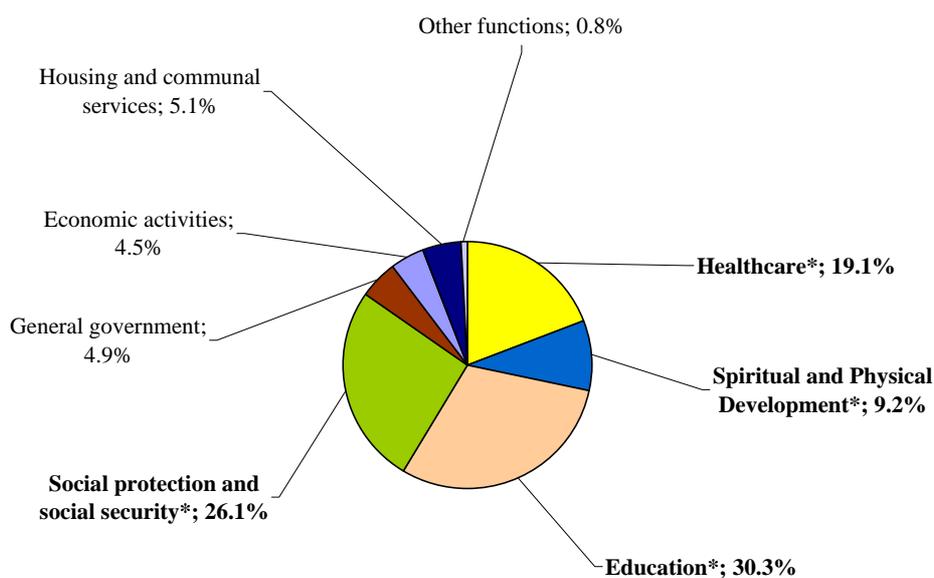


Diagram 20

Structure of Local Budget Expenditures by Functional Classification in May 2014



* Expenditures for social and cultural sphere - 84.7%