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**MUNICIPAL BUDGET
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Financial and Economic Forum Discusses Medium-term Prospects of Budget Policy

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The Second Financial and Economic Forum organized by the Institute for Budgetary and Socio-Economic Research (IBSER), with support from the Municipal Budget Reform (MBR) Project funded by USAID, took place at the Rus' Hotel conference hall March 20, 2008. The Forum's topic was, "The Budget Policy in 2008-2009 and Medium-Term Prospects for the Development of Ukraine". The main goal of the Forum was to analyze the objectives and tasks of the budget policy in 2008-2009 and to identify how the achievement of these objectives will impact the everyday life of Ukrainians in the next three to five years.

Discussion of Ukraine's budgetary policy and impact is timely and urgent given recent political and economic developments. On March 5th of this year, the Government of Ukraine approved the Budget Declaration for the year 2009, thus officially launching the Budget 2009 process. At the same time, the Law of Ukraine "On the State Budget of Ukraine for the Year 2008" was approved in a complex political environment following an early parliamentary election and formation of a new cabinet. In addition, the 2008 budget process was implemented in an environment of rising energy prices, significant increase in social allowances, the threat of global economic recession, and Ukraine's accession to the World Trade Organization. All these factors made it extremely important to analyze the consistency of budget policy and assess possible consequences for Ukraine's macroeconomic and social development in the medium-term.

The Forum agenda consisted of three related topics: Social Aspects of Budget Policy; Structural Reforms; and Budget Mechanisms of Regional Development. Iryna Scherbyna, IBSER Director General, and Andriy Nesterenko, USAID Project Management Specialist, provided welcoming remarks to the Forum participants.

Presentations under the first topic, the Social Aspects of the Budget Policy of Ukraine for 2008-2009, were made by Pavlo Rozenko, First Deputy Minister of Labor and Social Policy and Ella Libanova, Director of the Institute of Demography and Social Studies of the Ukrainian National Academy of Sciences.

Presentations under the second topic, related to the need for implementing structural reforms, revision of public finance, and the pressing matter of inflation in the context of a growing economy were provided by Anatoliy Maksiuta, First Deputy Minister of Economy of Ukraine, Oleksiy Balabushko, Economist with the World Bank mission, and Inna Spivak, Director of the Macroeconomic Analysis and Forecasting Department at the National Bank of Ukraine, respectively.

The presentation under the third topic, devoted to the budgeting mechanisms of regional development, was made by Halyna Karp, Director of the Department of Local Budgets at the Ministry of Finance of Ukraine. She elaborated on the use of Performance Program Budgeting (PPB) as an effective tool for planning and managing budget resources in the medium-term perspective and in particular, at the local level. She also noted the role and expertise that the MBR project played in introducing this mechanism, in particular, at the regional level.

Upon completion of each topic there was a general discussion of the above issues and all the Forum participants had an opportunity to discuss the issues and address their questions to key presenters.

About 40 representatives of government ministries, academic institutions, international organizations, and non-governmental organizations took part in the Forum. Over 30 representatives of national media organizations, including six leading TV channels, four radio stations, nine news agencies, and 15 printed media outlets also attended the Forum.

Based on the Forum results and issues discussed, IBSER will prepare and disseminate appropriate recommendations among the interested parties.



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