

## NEWS

## Seminar “Effective Planning and Evaluation, Including Energy Saving Projects—the Guarantee of Achieving Strategic Objectives”

27 March

On 27 March 2015, the Municipal Finance Strengthening Initiative (MFSI-II) Project, with support of the United States Agency for International Development USAID, delivered another seminar entitled Effective Planning and Evaluation, Including Energy Saving Projects—the Guarantee of Achieving Strategic Objectives.

The event was attended by representatives of municipal utilities and executive committees of city councils of Project partner cities, namely: Kyiv, Kryvyi Rih, Komsomolsk (Poltava Oblast), Slavutych, Chernivtsi, Sumy, Berdychiv, and Kirovohrad, as well as representatives of National Deputies of the Verkhovna Rada of Ukraine.

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## Regional Trainings on Practical Implementation of Budget Code Amendments and PPB

03 March



Under the guidance of the Ministry of Finance of Ukraine, MFSI-II experts have launched a series of regional trainings on the issues of practical implementation of amendments to the Budget Code of Ukraine regarding reform of inter-budget relations and introduction of PPB in local budgets. The trainings have been developed specifically for the heads and specialists of local finance authorities of all levels, as well as for key spending units.

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## Public Discussion of PPB Implementation Results in the City of Chervonohrad

23 February

A roundtable discussion on Implementation of the Experiment on Introduction of the Performance Program Budgeting Method in the Chervonohrad City Budget was held with support from the MFSI-II Project in Chervonohrad, Lviv oblast, on 23 February 2015.

This public event was attended by representatives of the City Council, key spending units of the city budget, and members of the press.

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## MFSI-II Praised at MinFin Meeting on Inter-Budget Relations Reform

10 February

The MFSI-II Project's work was given attention at a meeting held at the Ministry of Finance on 10 February 2015. The meeting including the Ministry of Finance, heads of local finance authorities, and the National Advisory Board on efficient public finance management, and was attended by specialists from the Ministry of Finance, Treasury Service of Ukraine, Presidential Administration, Cabinet of Ministers, Committee on Budget of the Verkhovna Rada, heads of local financial authorities from across Ukraine, National Deputies' staff members, and the civil sector.

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## Training on the Problems of Formation and Execution of Local Government Budgets

28 January



On 28 January 2015, MFSI-II experts conducted a training for the representatives of nongovernmental organizations from the Mykolaiv oblast on the issues of formation and execution of local government budgets. The training was attended by the representatives of 30 nongovernmental organizations from the Mykolaiv oblast. The training was devoted

to discussing the problem issues of formulation and execution of budgets of local communities of villages, settlements, and raion-subordinated towns.

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## Competition for Selection of Cities Finished

22 January

As a result of the competitive selection of cities within the Municipal Finance Strengthening Initiative Roll-out (MFSI-II) Project supported by the United States Agency for International Development (USAID), the winners in 2015 are the following cities: Sumy, Komsomolsk, Chernivtsi, Artemivsk, Kirovohrad, Berdichev. One of the tasks of the MFSI-II Project involves the development and introduction of the financial practices to promote energy efficiency in 15 selected cities.

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## MFSI-II Project Studies German Medium-Term Budgeting Experience

15 January

On 15 January 2015, a team from the Municipal Finance Strengthening Initiative (MFSI-II) Roll-out Project took part in a seminar on the topic of Medium-Term Budget Planning and Forecasting sponsored by the German Society for International Cooperation (GIZ).

The seminar was attended by representatives of nongovernmental organizations, officials from the Ukrainian Ministry of Finance, Parliament, academic community, and others.

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## ANALYSIS

## Analysis of Budget Execution in 2014

**Real GDP** dropped by 6.8ppt in 2014 (in constant 2010 prices vs. respective 2013 period). At the same time, the European Union countries (EU-28) reported a 1.3% growth in real GDP, with Eurozone countries showing a 0.9% growth.

**Nominal GDP** totaled UAH 1,566.7bn, which is UAH 118.8bn or 7.8% more than in 2013.

The foreign market situation remained unfavorable in 2014. This was one of the reasons behind the continued trend of declining industrial output. Thus, the industrial production index amounted to 89.9% in 2014 compared to 95.7% in 2013, and the producer price index increased by 30.1ppt to 131.8%.

**The foreign trade balance of Ukraine** was positive at \$5.1bn in 2014.

Nominal average monthly wages per full-time employee amounted to UAH 3,476.0 by the end of 2014, which is 6.5% more year-on-year. This is 2.9 times more than the State social standards (minimum wage and able-bodied person's subsistence level, which amount to UAH 1,218).

**Real wages** decreased by 6.5% (they increased by 8.2% in 2013). Retail and hotel business turnover also decreased. It amounted to UAH 903.5bn, which is 8.6% less than the 2013 figure in comparable prices). This points to shrinking domestic consumer demand due to the lowering of real wages, and, consequently, reduced purchasing power of the populace.

In general, **revenues** in budgets of all levels declined in 2014. Consequently, the shortfall of the State budget of Ukraine totaled UAH 21.0bn or 5.6% of the annual plan. The plan targets were not met for nearly all key tax sources of revenue. In particular, the shortfall of the personal income tax amounted to UAH 1.5bn or 10.9%; that of the value-added tax fell to UAH 10.9bn or by 7.3%; the excise tax on goods made in Ukraine dropped to UAH 3.8bn or by 12.0%; import duty fell to UAH 3.2bn or by 20.7%; and royalties for subsoil use dropped to UAH 2.2bn or by 10.7%. The only significant source of revenues with a surplus over the annual target was the excise tax on goods imported into Ukraine, which totaled UAH 3.8bn or 30.0% more than the plan.

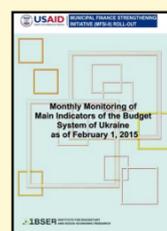
Local budget revenues were also below targets. Consequently, annual revenue reached only 90.9% of the plan approved by local councils. A personal income tax shortfall of UAH 4.4bn or 6.1% of the plan was the main reason for the failure to reach the target. However, the situation was somewhat alleviated by revenues from the single tax for small businesses, which exceeded the target by UAH 0.2bn.

[more](#)

## PUBLICATIONS



### Budget Monitoring: Analysis of Budget Execution in 2014



### Monthly Monitoring of Main Indicators of the Budget System of Ukraine as of February 1, 2015



### Monthly Monitoring of Main Indicators of the Budget System of Ukraine as of January 1, 2015