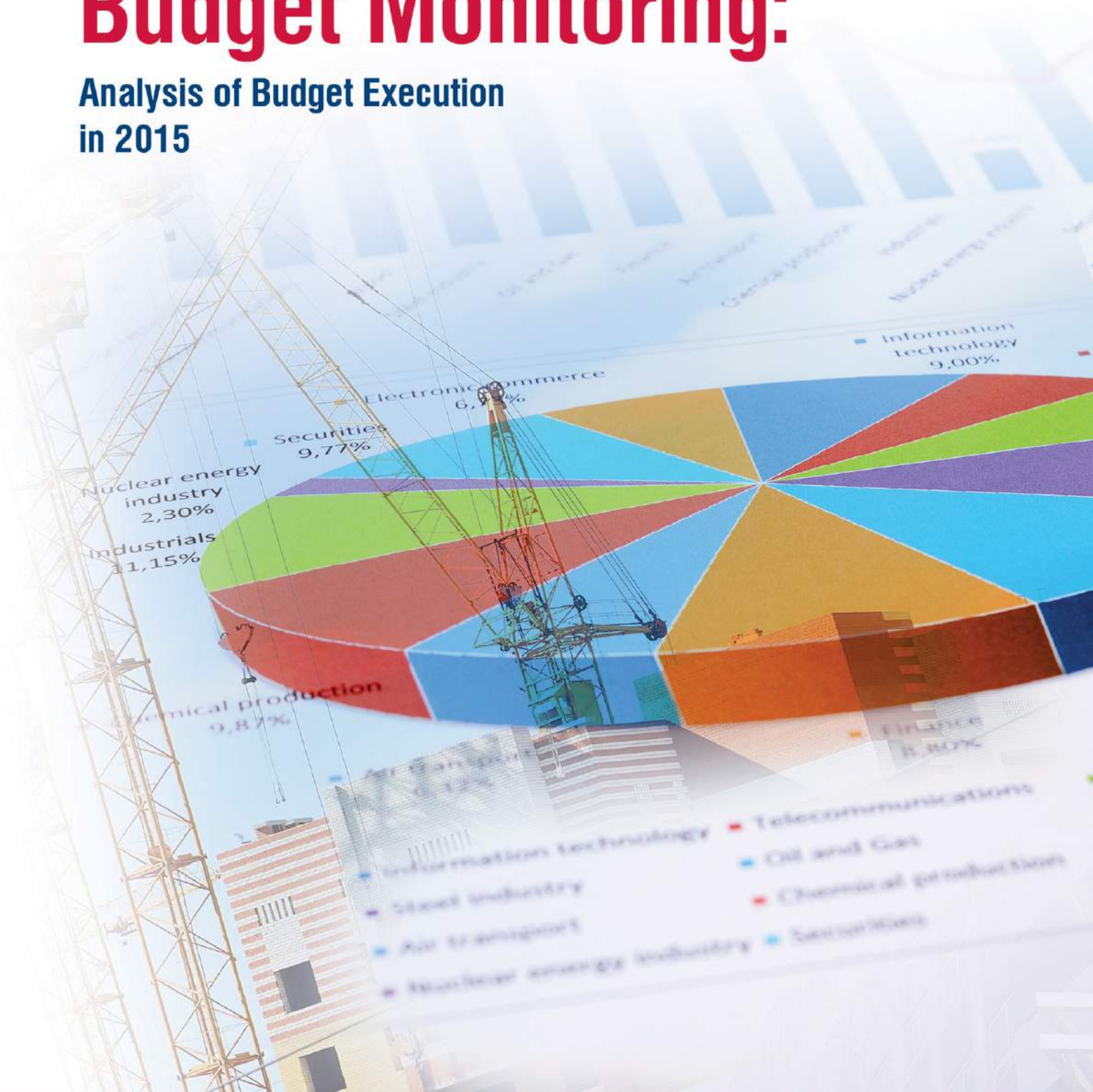




Budget Monitoring:

Analysis of Budget Execution in 2015



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**Analysis of Budget Execution
in 2015**

This publication is prepared by the Institute for Budgetary and Socio-Economic Research (IBSER) as part of the Municipal Finance Strengthening Initiative Project Roll-out (MFSI-II) implemented with support of the American People provided through the United States Agency for International Development (USAID)

BUDGET MONITORING: ANALYSIS OF BUDGET EXECUTION BOOK SERIES

The series is published by the Institute for Budgetary and Socio-Economic Research (IBSER) as part of the Municipal Finance Strengthening Initiative Project Roll-out (MFSI-II) implemented with support of the American People provided through the United States Agency for International Development (USAID).

The main goal of the project is improving the effectiveness and transparency of using the budget funds via implementation of the Performance Program Budgeting method of preparation and execution of local budgets, as well as assisting the cities in implementing an efficient system of monitoring their energy expenditures.

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Budget Monitoring: Analysis of Budget Execution in 2015

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EXECUTIVE SUMMARY

Presented herein is the *Budget Monitoring: Analysis of Budget Execution*, a periodical publication prepared by the Institute for Budgetary and Socio-Economic Research (IBSER) as part of the implementation of the Municipal Finance Strengthening Initiative Project Roll-out (MFSI-II) (USAID).

The Monitoring materials are based on official reports of the State Treasury Service of Ukraine, information of the State Statistics Service of Ukraine, and data of the Ministry of Finance of Ukraine, Ministry of Economic Development and Trade of Ukraine, and the Committee on Budget of the Verkhovna Rada of Ukraine, as well as on information from other official sources.

As usual, the publication gives a brief review of changes in the legislative framework and characterizes the key macroeconomic indicators. A detailed analysis is provided of the results of executing the consolidated, State and local budgets, which allows one to determine the impact of fiscal decisions. Special focus is made on evaluating the performance of local budgets, as the key financial mechanism for the provision of social services and the social security net for the populace.

Real GDP decreased by 9.9% in 2015 (in fixed 2010 prices, year-on-year)¹. At the same time, real GDP grew by 1.8% in European Union Member-States (EU 28), and by 1.5% in the Eurozone countries.

Nominal GDP reached UAH 1,979.5bn in 2015, which is UAH 412.8bn or 26.3% more year-on-year. External economic conditions remained unfavorable in 2015. This was one of the reasons for continued declines in industrial output. The Industrial Production Index fell to 80.0% compared to 95.8% in 2014, and the Producer Price Index decreased by 6.4ppt and amounted to 125.4%.

The foreign trade balance of Ukraine was positive at \$5.0bn in 2015. In 2015 the export of Ukrainian goods decreased by 29.3% year-on-year and amounted to UAH \$38.1bn, import of goods into Ukraine totaled \$37.5bn, which is 31.1% less than in 2014.

The nominal average monthly wage per full-time employee amounted to UAH 4,195.0 at the end of 2015, which is 20.7% more year-on-year. This is more than triple the State social standards (the minimum wage level and subsistence level of an able-bodied person, which equals UAH 1,378 each according to the Law of Ukraine "On the State Budget of Ukraine for the Year 2015" with revisions).

Real wages decreased by 20.2% (by 6.5% in 2014). Also, retail and restaurant sector turnover decreased (it amounted to UAH 101.9bn, which in comparable prices is 20.7% less than in 2014). This testifies to shrinking domestic consumer demand due to falling real wages and, thus, the reduced purchasing power of the populace.

The actual intake of **revenues of the consolidated budget of Ukraine** totaled UAH 652.0bn in 2015, which is UAH 196.0bn or 43.0% more year-on-year.

The State budget received UAH 531.5bn in the same period, which is UAH 176,7bn or 49.8% more than last year. This equals 103.4% of the plan for the year.

The plan was exceeded for non-tax revenues (+25.0%), while tax revenues narrowly missed the target at 99.9%.

¹ <http://www.ukrstat.gov.ua>

Shortfalls against the annual plan occurred for the rent for the use of subsoil resources (-12.0%), mainly due to intake from the rent from oil extraction reaching only 45.0% of the planned amount. In addition, there was a 6% shortfall in revenue from the enterprise profit tax. Companies of all forms of ownership, except State-owned enterprises, contributed less tax than expected.

At the same time, the remaining tax sources of the budget either met or exceeded their annual targets. For instance, personal income tax reached 105.8% of the plan; value-added tax on goods and services produced in Ukraine reached 101.9%; excise tax by 105.1%, and import duty by 106.6%.

Among non-tax sources that grew, note should be made of the nearly doubling of the plan regarding dividends accrued on the shares of businesses in whose authorized capitals the State has an interest, as well as UAH 1.3bn over plan for the remittance of funds to the State budget by the National Bank of Ukraine. Other significant sources of non-tax revenues include the license fee for the use of radio frequencies, which amounted to UAH 9.1bn. The proceeds from the charge for the obligatory State pension insurance for certain types of business transactions exceeded the plan by nearly 40%, mainly due to the payment of charges at the time of acquiring the ownership of cars, and from immovable property purchase and sale transactions (more than double of the plan for each of the items).

Consolidated budget expenditures reached 94.7% of the planned amount, which is an increase of 6.0ppt year-on-year. Actual expenditures increased by 30.0% (by UAH 156.8bn).

The rate of growth of consolidated budget expenditures increased by 26.6ppt. In 2015, it exceeded the GDP growth rate, which increased by 18.7ppt compared to 2014. The share of consolidated budget expenditures in GDP increased somewhat (up to 34.3% or by 0.9ppt).

The share of local budget expenditures in consolidated budget expenditures decreased by 2.0ppt against 2014 and amounted to 40.7%.

The actual expenditures of the State budget totaled UAH 576.8bn, which amounts to 96.2% of the annual target.

Those best funded were the expenditures for social protection and social security (99.3% of the annual plan, which is 7.2ppt more than in 2014), inter-budget transfers (98.6%), public order (97.8%), general government functions (97.2%), and defense (95.3%). The lowest levels of financing were for expenditures for housing and communal services, with UAH 21.5mn or 4.4% of the annual plan spent for this sector.

The top priorities of the State policy in the context of the increase of State budget expenditures compared to 2014 (27.3% of the total increase amount) included expenditures for inter-budget transfers (29.6% of all increases in expenditures); general government functions (25.4%); defense (16.8%); and social protection and social security (15.8%).

Local budget expenditures (with inter-budget transfers) grew by 24.1% to UAH 280.1bn. This amount equals 94.0% of the annual plan approved by local councils. As usual, the majority of local budget expenditures were directed to the social and cultural sector. At the same time, there was a significant growth of expenditures for economic activity (+107.2%).

The share of expenditures for payroll with taxes is usually the largest of all local budget expenditures. Compared to 2014, however, it decreased to 37.7%. On the whole, the current expenditures of local budgets totaled UAH 247.9bn, which is 17.1% more than in 2014. Capital expenditures were funded at UAH 32.2bn, with their amount growing by UAH 18.2bn or 2.3 times.

The State budget deficit amounted to UAH 45.2bn (see Chart 3.2.1) or 59.5% of the ceiling set by the Law on the State budget of Ukraine for 2015, and 57.4% of the annual plan with amendments. Compared to 2014, the State budget deficit decreased by UAH 32.9bn or by 42.1%.

State budget borrowing was incurred at the amount of UAH 514.1bn (129.5% of the annual target and 81.2% of the annual target with adjustments). Internal borrowing totaled UAH 99.9bn or 89.8% of the annual plan, and external borrowing totaled UAH 415.1bn or 144.8%. **State debt repayment** totaled UAH 416.6bn or 165.6% of the annual plan, including internal debt repayment of UAH 91.2bn or 71.3% of the annual plan, and external debt repayment of UAH 325.4bn or 2.6 times more. The excess of borrowing over repayment decreased by UAH 84.1bn or by 41.7% compared to 2014.

According to the State Treasury Service, **the amount of loans for bridging temporary cash gaps of local budgets** against the funds of the Treasury single account totaled UAH 1.9bn compared to 28.1bn in 2014. All the issued loans had been repaid by year-end (compared to 99.8% in 2014)².

The proceeds from the privatization of State property totaled UAH 0.2bn or 1.2% of the annual plan. These proceeds amounted to UAH 0.5bn in 2014, or 2.7% of the originally approved annual plan and 100.0% of the adjusted plan.

The balance of budget funds totaled UAH 51.3bn at the end of 2015, having grown by UAH 14.2bn or 38.4% from year outset. To compare, based on the 2014 budget performance, the balance increased by UAH 6.3bn or by 20.3% from year outset.

² <http://www.treasury.gov.ua>

SECTION 1. REVIEW OF THE REGULATORY AND LEGAL FRAMEWORK ON BUDGET IN DECEMBER 2015 — FEBRUARY 2016

1.1. STATE BUDGET EXPENDITURES AND BUDGET PROCESS

ORDER OF THE MINISTRY OF FINANCE OF UKRAINE OF 10 DECEMBER 2015, NO.1125

The Order of the Ministry of Finance dated 10 December 2015, No.1125 amended the Procedure of State Budget Treasury Servicing for Expenditures approved by Order of the Ministry of Finance dated 24 December 2012, No.1407. The amendments were introduced to improve the Treasury servicing of State budget funds and bring the Procedure in line with the changes introduced in the legislative and regulatory acts that regulate the budget process in Ukraine.

Among other things, the following procedures were standardized:

- exchange of documents in electronic format between spending units / recipients of budget funds and Treasury offices;
- recalling by spending unit / recipient of budget funds of its payment orders from its serving Treasury office; and
- other procedures of Treasury servicing of State budget funds.

THE LAW OF UKRAINE OF 25 DECEMBER 2015, NO. 928

The Law of Ukraine "On the State Budget of Ukraine for the Year 2016, No. 928 was approved on 25 December 2015.

The law set the revenues of the State budget of Ukraine at UAH 595.2bn, and expenditures at UAH 667.8bn. The deficit ceiling of the State budget was approved at UAH 83.7bn.

The total amount of inter-budget transfers to be provided from the State budget to local budgets increased by 0.3% against 2015, and reached the amount of nearly UAH 183.3bn.

The structure of inter-budget transfers experienced some changes against 2014. For instance, it included a new subvention of the Special Fund for the formation of the infrastructure of united territorial communities at the amount of UAH 1.0bn. At the same time, the law specifies 159 budgets of united territorial communities, which will have direct inter-budget relations with the State budget and will receive appropriate financing starting in 2016. In this way, the newly established united territorial communities will get some State financial support.

The basic and reverse grants amount to UAH 4.8bn and UAH 3.1bn, respectively. Compared to those approved for 2015, their amounts decreased by UAH 517.7mn for the basic grant and by UAH 529.3mn for the reverse grant.

To equalize any possible actual disproportions when introducing a new model of relations between the State budget and local budgets, a stabilization grant of UAH 2.0bn is envisaged for 2016 (it was also set at UAH 2.0bn in 2015).

As in 2015, the medical and educational subventions are the largest inter-budget transfers from the State budget to local budgets.

Also, the law makes a provision for a subvention for implementing the socioeconomic development activities of certain territories for the amount of UAH 1.9bn.

Also, a number of subventions present in 2015 are absent in 2016. Special note should be made about the absence in the State budget of:

- the subvention to local budgets for compensation for preferential fares, provision of preferences in telecommunications services and other benefits envisaged by legislation;
- subvention for the training of the regular labor force;
- subvention to repay the debt due to the differences in tariffs for heat energy, centralized water supply and sewerage that were produced, transported, and supplied to the populace, from which debts emerged in connection with a mismatch between the actual cost of the heat energy and services supplied, and the tariffs approved and / or authorized by central government authorities or local governments.

The law sets the 2016 social standards:

- **per month** at UAH 1330 as of 1 January 2016, UAH 1399 as of 1 May, and UAH 1496 as of 1 December, with the following differentiation for the main social and demographic groups in the population:

- children below 6 years old: UAH 1167 as of 1 January 2016; UAH 1228 as of 1 May; and UAH 1313 as of 1 December;
- children aged 6 to 18: UAH 1455 as of 1 January 2016; UAH 1531 as of 1 May; and UAH 1637 as of 1 December;
- able-bodied persons: UAH 1378 as of 1 January; UAH 1450 as of 1 May; and UAH 1550 as of 1 December;
- incapacitated persons: UAH 1074 as of 1 January 2016; UAH 1130 as of 1 May; and UAH 1208 as of 1 December.

- **minimum pay:**

- per month: UAH 1378 as of 1 January; UAH 1450 as of 1 May; and UAH 1550 as of 1 December;
- per hour: UAH 8.29 as of 1 January; UAH 8.69 as of 1 May; and UAH 9.29 as of 1 December.

**ORDER
OF THE MINISTRY
OF FINANCE
OF UKRAINE
OF 31 DECEMBER 2015,
NO. 1308**

The Order of the Ministry of Finance of Ukraine of 31 December 2015, No. 1308 amended the Procedure of compiling financial, budgetary, and other reporting by spending units and recipients of budget funds approved by Order of the Ministry of Finance dated 24 January 2012, No. 44.

This Procedure underwent some changes in connection with amendments to the legislative and regulatory acts that control the budget process in Ukraine. The majority of such changes apply to the bank servicing of funds with regard to the development budget and own-source revenues of government-funded institutions. In particular, to reflect transactions at bank accounts, some report forms are supplemented with columns to enter information about the receipts and use of the funds deposited with State banks, which are beyond Treasury servicing. New columns are added to the following reports:

- Report on receipts and the use of funds obtained as service fees (Form No.4-1d, No.4-1m), Appendix 5 to the Procedure;
- Report on receipts and the use of funds obtained from other sources of own-source revenues (Form No.4-2d, No.4-2m), Appendix 6 to the Procedure;
- Report on receipt and the use of other revenues of the Special Fund (Form No.4-3d, No.4-3m), Appendix 7 to the Procedure.

The abovementioned reports have been included into the set of monthly budgetary reports. At the same time, the spending units serviced by the Treasury for all transactions are not required to compile the monthly budget reports (Appendices 5 through 7) and submit them to Treasury offices.

However, the monthly reporting of the recipients of budget funds, which receive funds from the development budget of local budgets and decided for such funds to be serviced by banks, will now also include a Report on the receipt and use of other revenues of the Special Fund (Form No.4-3d, No.4-3m), Appendix 7 to the Procedure.

At the same time, the recipients of budget funds serviced by Treasury offices will not have to compile the budget reporting form (Appendix 7 to the Procedure) and submit it to Treasury offices.

In addition, according to Order of the Ministry of Finance of 7 November 2015, No.996 "On Amending the Economic Classification of Budget Expenditures", the Procedure's forms with information about expenditures by economic classification code have been supplemented with a new entry, namely: 2276 "Payment for energy service".

1.2. LOCAL BUDGETS AND INTER-BUDGET RELATIONS

DECREE OF THE CABINET OF MINISTERS OF UKRAINE OF 16 DECEMBER 2015, NO. 1049

The Decree of the Cabinet of Ministers dated 16 December 2015, No. 1049 amended the Procedure of servicing funds of local budgets in respect to the development budget and own-source revenues of government-funded institutions at public sector banks approved by the Decree of the Cabinet of Ministers dated 14 May 2015, No.378.

Among other things, the amendments specify:

- a new deadline of 25 December of the year preceding the planning year for a local council to make a decision to have its funds serviced at banks (formerly, "by the beginning of the budget period");
- the procedure of opening checking accounts at banks for crediting funds and incurring expenditures;
- the procedure of transferring into bank accounts the development budget receipts and own-source revenues of government-funded institutions, which were received into relevant accounts open at Treasury offices according to the classification of budget revenues and financing (own-source revenues of government-funded institutions);
- the procedure for settling the accounts payable that emerge in the course of executing the budget's Special Fund against development budget funds and / or own-source revenues of government-funded institutions in respect to the funds that are kept at bank accounts;
- the procedure of submitting the monthly consolidated information about the distribution / allocation of development budget funds by local Finance Departments and key spending units of local budget to Treasury offices.

ORDER OF THE MINISTRY OF FINANCE OF UKRAINE OF 31 DECEMBER 2015, NO. 1244

The Order of the Ministry of Finance dated 31 December 2015, No. 1244 amended the Procedure of Treasury servicing of local budgets approved by Order of the Ministry of Finance dated 23 August 2012, No.938. The amendments were introduced to improve the Treasury servicing of local budgets and bring the Procedure in conformity with the changes made to the legislative and regulatory acts that control the budget process in Ukraine.

In particular, the following procedures were normalized:

- exchange of documents in electronic format between spending units / recipient of budget funds and Treasury offices;
- use of budget classification codes when implementing (or non-implementation) the performance program budgeting method of forming and executing local budgets;
- crediting certain types of revenues to local budgets;

- the recall by a spending unit / recipient of budget funds of its payment orders from its servicing Treasury office;
- remittance of inter-budget transfers etc.

It should be noted that the forms of Appendices 8, 16, 20, 22 and 28 to Order No. 938 have been revised.

**DECREE
OF THE CABINET
OF MINISTERS OF
UKRAINE
OF 13 JANUARY 2016,
NO.2**

The Decree of the Cabinet of Ministers dated 13 January 2016, No.2 amended the Procedure of remitting inter-budget transfers approved by Decree of the Cabinet of Ministers dated 15 December 2010, No.1132.

Among other things, the Procedure now standardizes the processes of remitting inter-budget transfers to budgets of the united territorial communities established according to the law and the prospective plan for the formation of community territories. At the same time, the concept of "subvention for the training of the regular labor force" is removed from the Procedure, as such subvention is not envisaged by the Law of Ukraine "On the State Budget of Ukraine for the Year 2016".

**DECREE
OF THE CABINET
OF MINISTERS
OF UKRAINE
OF 18 JANUARY 2016,
NO. 15**

The Decree of the Cabinet of Ministers dated 18 January 2016, No.15 "Certain Issues of Regulation of Inter-Budget Relations" allows village, settlement, and city (district-significant cities) councils to incur expenditures from their respective budgets throughout the budget period for the upkeep of the government-funded institutions that are financed by district budgets.

In addition, the Decree has introduced changes to the Procedure and conditions of providing the educational subvention from the State budget to local budgets approved by Decree of the Cabinet of Ministers dated 14 January 2015, No.6 "Certain Issues of Providing the Educational Subvention from the State Budget to Local Budgets".

In particular, the Procedure and conditions of providing the educational subvention have been supplemented by the provisions to the effect that against the educational subvention:

- as of 1 September 2016, no funding will be provided to general educational institutions (other than elementary schools) that have fewer than 25 pupils;
- expenditures shall be incurred according to the following sequence:
 - 1) payment of wages with taxes, social payments, stipends, and allowances;
 - 2) payment for medicines and food;
 - 3) payment for communal services and other protected expenditures;
 - 4) incurred unprotected expenditures.

At the same time, modifications were introduced to the distribution formula for the educational subvention between local budgets as approved by Decree of the Cabinet of Ministers dated 26 June 2015, No.435: the formula calculation has been extended to the united territorial communities established according to the law and the prospective plan of forming community territories.

**DECREE
OF THE CABINET
OF MINISTERS
OF UKRAINE
OF 4 FEBRUARY 2016,
NO. 41**

The Decree of the Cabinet of Ministers of Ukraine dated 4 February 2016, No.41 amended the Decree of the Cabinet of Ministers of 16 September 2015, No.727 "Certain Issues of Stabilization Grant from the State Budget to Local Budgets".

Among other things, the amount of UAH 500.0mn out of the total stabilization grant from the State budget to local budgets envisaged for the year 2016 (UAH 2.0bn), was distributed among oblast budgets. These funds are specifically designated for vocational education.

SECTION 2. ANALYSIS OF MACROECONOMIC INDICATORS IN 2015

GDP

Real GDP decreased by 9.9% in 2015 (in constant 2010 prices) against the respective period of 2014³.

At the same time, real GDP increased by 1.8% in European Union Member-States (EU 28), and by 1.5% in the Eurozone countries. Real GDP growth amounted to 4.0% in Slovakia and Czech Republic each, 3.7% in Poland, 3.5% in Spain, 3.1% in Bulgaria, 3.0% in Hungary, 2.7% in Cyprus, 2.6% in Latvia, 2.1% in Lithuania, 1.9% in UK, 1.3% each in Germany, Belgium, and France, 1.2% in the Netherlands, 1.0% in Italy, and 0.8% in Estonia. It should be noted that a decline in real GDP was experienced by Greece (-0.8%) and Finland (-0.2%)⁴, which was due to the crises in these countries.

Nominal GDP amounted to UAH 1,979.5mn in 2015, which is UAH 412.8bn or 26.3% more year-on-year. The foreign market environment remained unfavorable in 2015. This was one of the reasons behind the continued decline of industrial output. Thus, the industrial production index amounted to 80.0% in 2015, against 96.8% in 2014. Outputs in the majority of industry sectors continued to shrink in 2015.

Industrial production declined significantly in the sectors with the largest sales of industrial products:

- by 21.9% in the production of coke, petroleum products (3.8% of total processing industry sales);
- by 16.4% in the metallurgy production, production of finished metal products other than machines and equipment (17.8% of total processing industry sales);
- by 14.6% in the machine-building industry (6.9% of total processing industry sales), including by 15.0% in the production of motor vehicles, trailers, semi-trailers, and other vehicles, of which the production of motor vehicles by 50.6%.

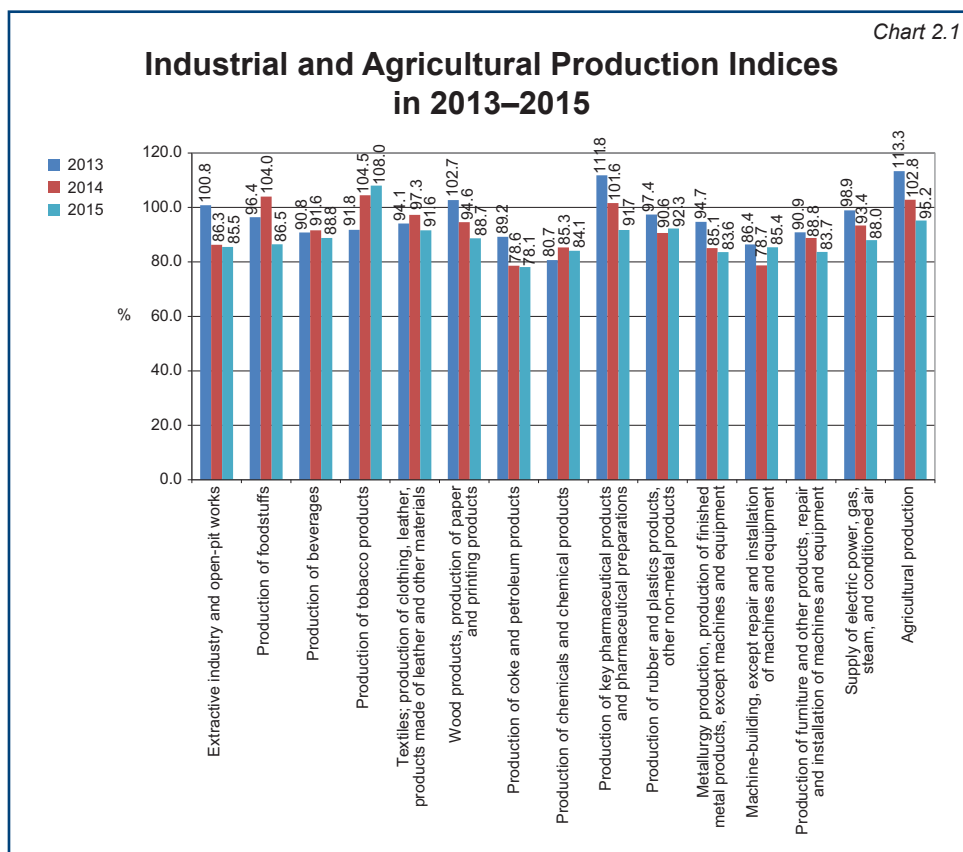
Besides, the production of household electronic equipment for reception, recording, and replay of sound and video dropped by 67.1%; production of medical and dental tools and materials by 53.4%; and the production of hard coal and brown coal by 38.1%.

Only some industrial production sectors demonstrated growth. These include: production of grape wines (22.1%); production of other electric equipment (10.3%); weaving production (9.4%); and production of tobacco products (8.0%).

The dynamics of the production and agricultural production indices are shown in Chart 2.1.

³ <http://www.ukrstat.gov.ua>

⁴ <http://ec.europa.eu>

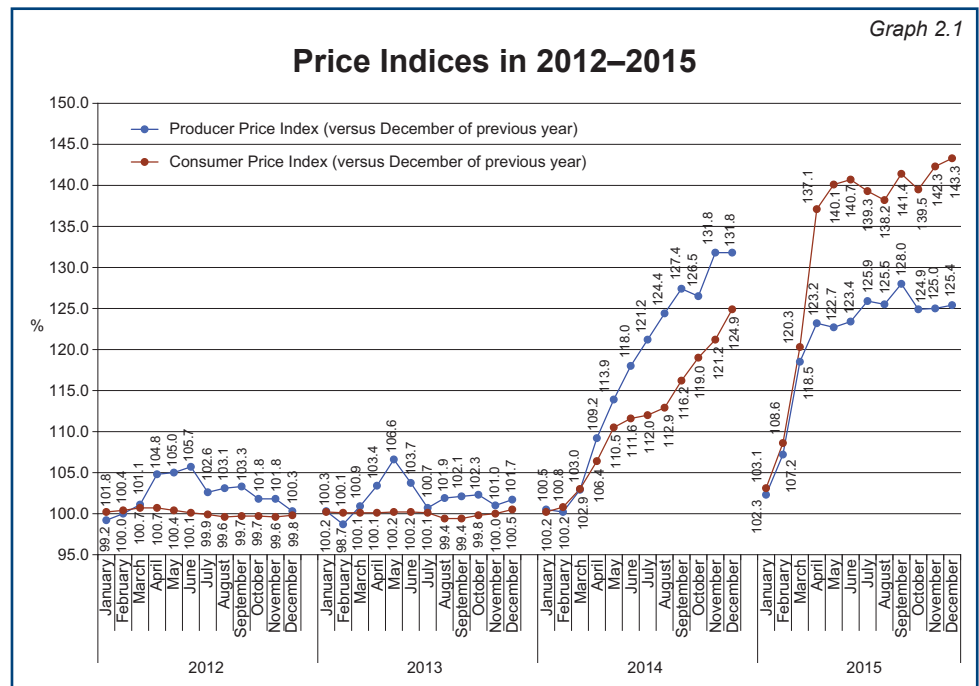


These indicators increased against 2014 for such industries as machine-building, except for the repair and installation of machines and equipment (by 6.7%), tobacco products production (by 3.5%), and the production of rubber and plastics products, and other non-metal mineral products (by 1.7%).

CONSUMER AND PRODUCER PRICE INDICES

The Consumer Price Index (CPI) amounted to 143.3% vs. 124.9% in 2014 (see Graph 2.1). In the period under review, the prices of all goods and services increased, with the highest growth in natural gas (3.7 times); hot water and heating (74.8%); sugar (69.8%); electricity (66.9%); vegetables (66.7%); preschool and elementary education services (60.8%); eggs and sunflower seed oil (59.4%); and nonalcoholic beverages (57.8%).

The Producer Price Index (PPI) decreased by 6.4ppt against the 2014 figure and amounted to 125.4%. On the whole, prices increased for the majority of industrial producers. Significant growth occurred in crude oil and natural gas extraction (2.2 times), sugar production (69.7%), bread, baked goods, and flour products production (44.3%), foodstuffs, beverages, and tobacco products production (36.4%), wood products, paper, and printing business production (34.0%). Prices decreased in industrial sectors such as metal ore extraction (8.9%), the production of petroleum products (1.7%), and coal mining (0.8%).



PERSONAL INCOME AND SPENDING

The nominal average monthly pay per full-time employee amounted to UAH 4,195.0 at the end of 2015, which is 20.7% more year-on-year (see Table 2.1). At the same time, the minimum pay and subsistence level for an able-bodied person for 2015 each equaled UAH 1,378 according to the Law of Ukraine "On the State Budget of Ukraine for the Year 2015" (with revisions); as such, the nominal average monthly pay exceeds social standards 3.0 times.

Table 2.1

Nominal and Real Wages by Region of Ukraine in 2013–2015

Name of administrative-territorial unit	Average monthly wage (per full-time staff member), UAH			Nominal wage growth rate, %		Real wage index (year-on-year), %		
	2013	2014	2015	2014 / 2013	2015 / 2014	2013	2014	2015
Vinnitsia Oblast	2 651.0	2 810.0	3 395.0	106.0	120.8	110.0	94.9	81.3
Volyn Oblast	2 580.0	2 721.0	3 291.0	105.5	120.9	111.0	93.5	78.9
Dnipropetrovsk Oblast	3 336.0	3 641.0	4 367.0	109.1	119.9	106.7	97.1	78.8
Donetsk Oblast	3 755.0	3 857.0	4 986.0	102.7	129.3	106.3	89.4	89.6
Zhytomyr Oblast	2 561.0	2 763.0	3 271.0	107.9	118.4	109.6	95.7	76.9
Zakarpattia Oblast	2 553.0	2 744.0	3 381.0	107.5	123.2	109.4	95.6	80.0
Zaporizhzhya Oblast	3 142.0	3 432.0	4 200.0	109.2	122.4	108.1	96.6	80.8
Ivano-Frankivsk Oblast	2 679.0	2 875.0	3 405.0	107.3	118.4	106.6	95.2	77.7
Kyiv Oblast	3 351.0	3 489.0	4 153.0	104.1	119.0	107.2	91.8	78.0
Kirovohrad Oblast	2 608.0	2 789.0	3 282.0	106.9	117.7	109.0	94.8	78.8
Luhansk Oblast	3 337.0	3 148.0	3 427.0	94.3	108.9	107.6	86.4	71.7
Lviv Oblast	2 789.0	2 961.0	3 647.0	106.2	123.2	109.2	93.3	79.4
Mykolaiv Oblast	3 094.0	3 344.0	3 984.0	108.1	119.1	109.8	95.8	78.9
Odesa Oblast	2 947.0	3 129.0	3 893.0	106.2	124.4	109.3	93.2	80.6

Name of administrative-territorial unit	Average monthly wage (per full-time staff member), UAH			Nominal wage growth rate, %		Real wage index (year-on-year), %		
	2013	2014	2015	2014 / 2013	2015 / 2014	2013	2014	2015
Poltava Oblast	2 988.0	3 179.0	3 783.0	106.4	119.0	106.1	94.9	78.8
Rivne Oblast	2 844.0	3 033.0	3 573.0	106.6	117.8	111.5	93.9	76.7
Sumy Oblast	2 702.0	2 877.0	3 449.0	106.5	119.9	109.5	94.8	78.4
Ternopil Oblast	2 359.0	2 527.0	2 994.0	107.1	118.5	109.3	95.1	77.2
Kharkiv Oblast	2 975.0	3 144.0	3 697.0	105.7	99.3	109.3	93.9	77.3
Kherson Oblast	2 464.0	2 617.0	3 122.0	106.2	128.8	109.4	94.5	78.3
Khmelnyskiy Oblast	2 641.0	2 878.0	3 370.0	109.0	117.1	109.6	96.8	77.8
Cherkasy Oblast	2 682.0	2 829.0	3 360.0	105.5	118.8	107.9	93.7	78.2
Chernivtsi Oblast	2 484.0	2 578.0	3 049.0	103.8	118.3	108.0	93.2	78.1
Chernihiv Oblast	2 504.0	2 690.0	3 295.0	107.4	122.5	110.0	94.9	78.7
City of Kyiv	5 007.0	5 376.0	6 732.0	107.4	125.2	107.8	94.5	84.2
Ukraine	3 265.0	3 476.0	4 195.0	106.5	120.7	108.2	93.5	79.8

As usual, the highest average monthly wages were in the city of Kyiv (UAH 6,732.0). The oblasts with the highest average monthly wages include: Donetsk (UAH 4,986.0), Dnipropetrovsk (UAH 4,367.0), Zaporizhzhya (UAH 4,200.0), Kyiv (UAH 4,153.0), and Mykolaiv (UAH 3,984.0) oblasts.

The lowest average monthly wages were in Kherson (UAH 3,122.0), Chernivtsi (UAH 3,049.0), and Ternopil (UAH 2,994.0) oblasts.

The economic activity types with the highest nominal pay included air transport (UAH 18,470.0), financial and insurance business (UAH 8,603.0), professional, information, and telecommunications sectors (UAH 7,122.0), as well as scientific and technological activities (UAH 6,737.0).

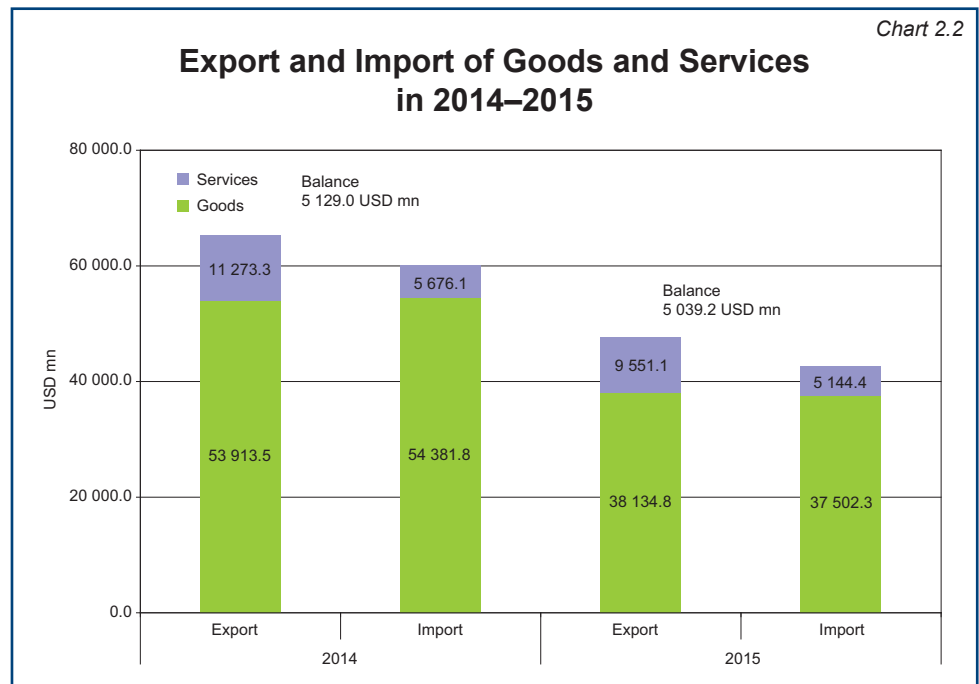
Real wages dropped by 20.2% (down 6.5% in 2014, with 8.2% growth in 2013). The drop occurred in all regions, with especially significant declines noted in Luhansk and Rivne oblasts, at 28.3% and 23.3%, respectively.

At the same time, the retail trade turnover of retail and restaurant business companies totaled UAH 101.9bn, which is 20.7% less than in 2014 in comparable prices. This points to a reduction in domestic consumer demand due to the decline in real wages, and, thus, the weakening of consumer purchasing power.

FOREIGN TRADE

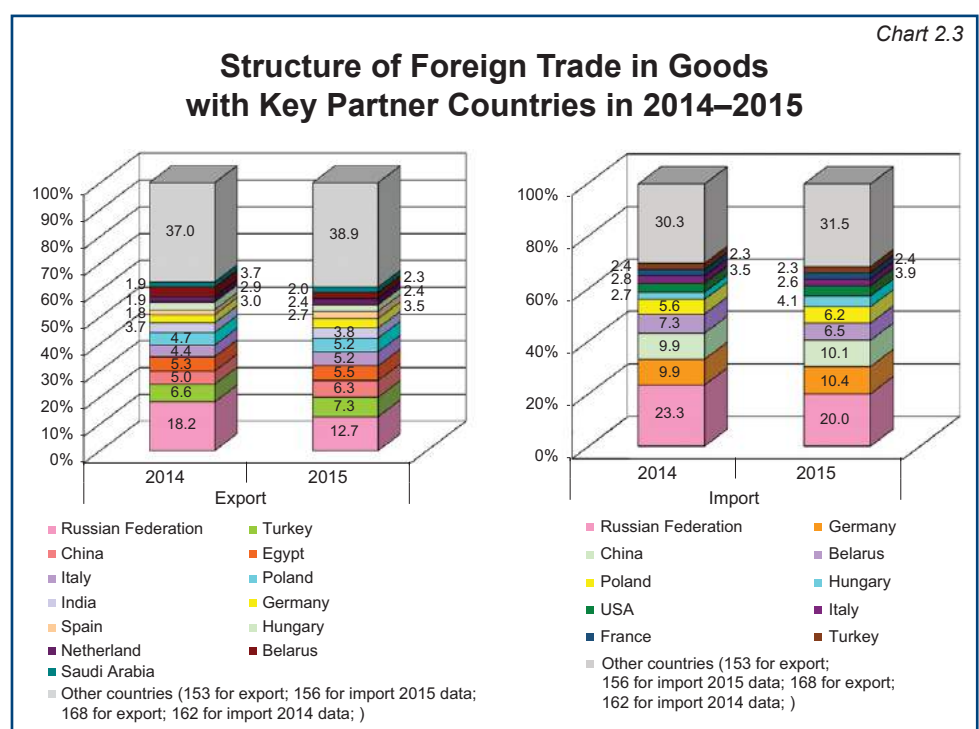
The foreign trade balance of Ukraine was a positive at \$5.0bn in 2015 (see Chart 2.2).

According to the State Statistics Services of Ukraine, the export of Ukrainian goods decreased by 29.3% year-on-year and amounted to UAH \$38.1bn.



The core of the commodity structure of Ukrainian exports was made up of base metals and products at 24.8% of the total volume of exports, which is 3.5ppt less than in 2014. The share of plant products amounted to 20.9% (or 4.9ppt more compared to 2014), grains — 15.9% (or 3.8ppt more), machines, equipment, and mechanisms — 10.3% (or 0.2ppt less), mineral products — 8.1% (down 3.2ppt compared to 2014), and chemical products — 5.6% (or 0.1ppt less than in 2014).

As before, the main consumers of Ukrainian products included the Russian Federation (12.7%), Turkey (7.3%), China (6.3%), Egypt (5.5%), Poland and Italy (5.2% each) (see Chart 2.3).



In general, the export-to-import ratio amounted to 1.01 for trade in goods (0.99 in 2014) and foreign trade transactions were conducted with partners from 156 countries worldwide.

The import of goods into Ukraine totaled \$37.5bn, which is 31.1% less than in 2014 (see Chart 2.2).

Mineral products accounted for 31.2% of the total volume of the import of goods, which is 1.7ppt more than in 2014. The deliveries of machines, equipment, and mechanisms accounted for 16.7% of the total value of imports (up 0.7ppt against 2014), chemical products accounted for 13.3% (or 0.8ppt more), and polymer materials, plastics and products accounted for 7.1% (or 0.4ppt more).

SECTION 3. ANALYSIS OF BUDGET INDICATORS IN 2015

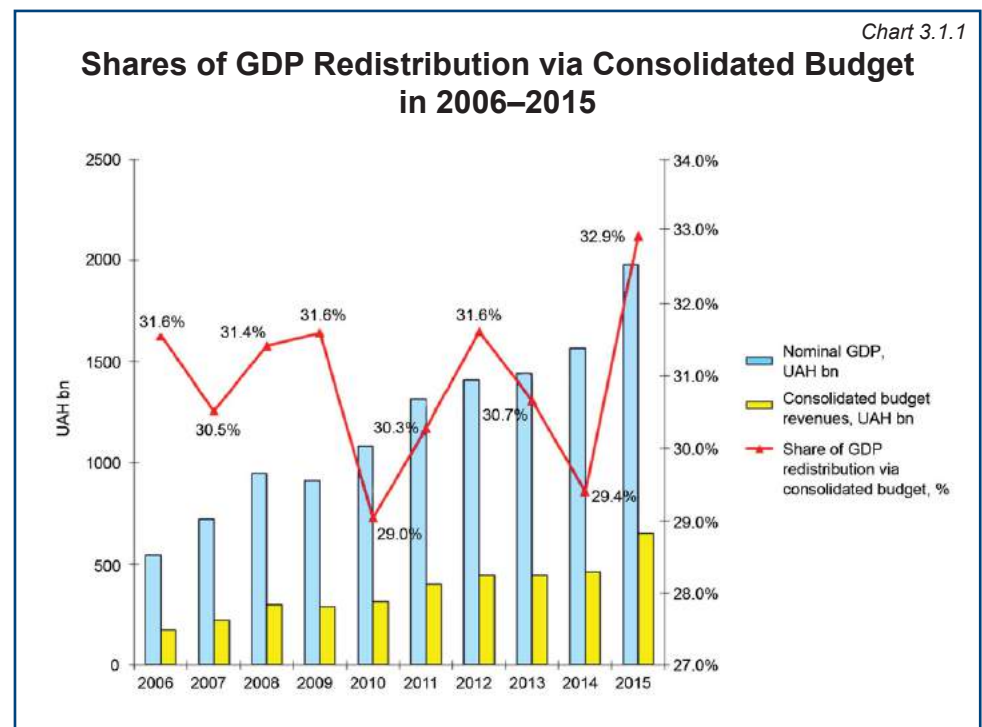
3.1. EXECUTION OF CONSOLIDATED AND STATE BUDGET REVENUES IN 2015

CONSOLIDATED AND STATE BUDGET REVENUES

The actual intake of consolidated budget revenues totaled UAH 652.0bn in 2015, which is UAH 196.1bn or 43.0% more than in 2014.

This amount equals 102.4% of the annual plan.

As seen from Chart 3.1.1, the share of GDP redistribution via the consolidated budget increased from 29.4% in 2014 to 32.9% in 2015. The main reason behind this increase of fiscal pressure on the economy is in the amendments to the Tax Code of Ukraine, which envisage the raising the rates of some taxes.



State budget revenues with inter-budget transfers totaled UAH 534.6bn, which is UAH 177.7bn or 49.8% more than in 2014, including the General Fund of the State budget of UAH 503.7bn and the Special Fund of UAH 30.9bn.

The actual intake of revenues of the State budget without inter-budget transfers totaled UAH 531.5bn, which is UAH 176.7bn or 49.8% more than in 2014 (see Table 3.1.1).

This amount equals 103.5% of the annual plan.

Table 3.1.1

Revenues of Consolidated, State, and Local Budgets in 2012–2015

Years Revenues	2012	2013	2014	2015	2015 vs. 2014	
					Absolute growth, UAH bn	Growth rate, %
Consolidated budget, UAH bn, including:	445.5	442.8	455.9	652.0	196.1	43.0
– General Fund	369.7	375.0	388.9	602.7	213.8	55.0
– Special Fund	75.8	67.8	67.0	49.3	– 17.7	– 26.4
State budget (without inter-budget transfers), UAH bn, including:	344.7	337.6	354.8	531.5	176.7	49.8
<i>share in consolidated budget revenues, %</i>	<i>77.4</i>	<i>76.2</i>	<i>77.8</i>	<i>81.50</i>	<i>x</i>	<i>x</i>
– General Fund	288.5	290.1	308.7	501.1	192.40	62.3
– Special Fund	56.2	47.5	46.1	30.4	– 15.7	– 34.1
Local budgets (without inter-budget transfers), UAH bn, including:	100.8	105.2	101.1	120.5	19.4	19.2
<i>share in consolidated budget revenues, %</i>	<i>22.6</i>	<i>23.8</i>	<i>22.2</i>	<i>18.5</i>	<i>x</i>	<i>x</i>
– General Fund	81.2	84.9	80.2	101.6	21.4	26.7
– Special Fund	19.6	20.3	20.9	18.9	– 2.0	– 9.6

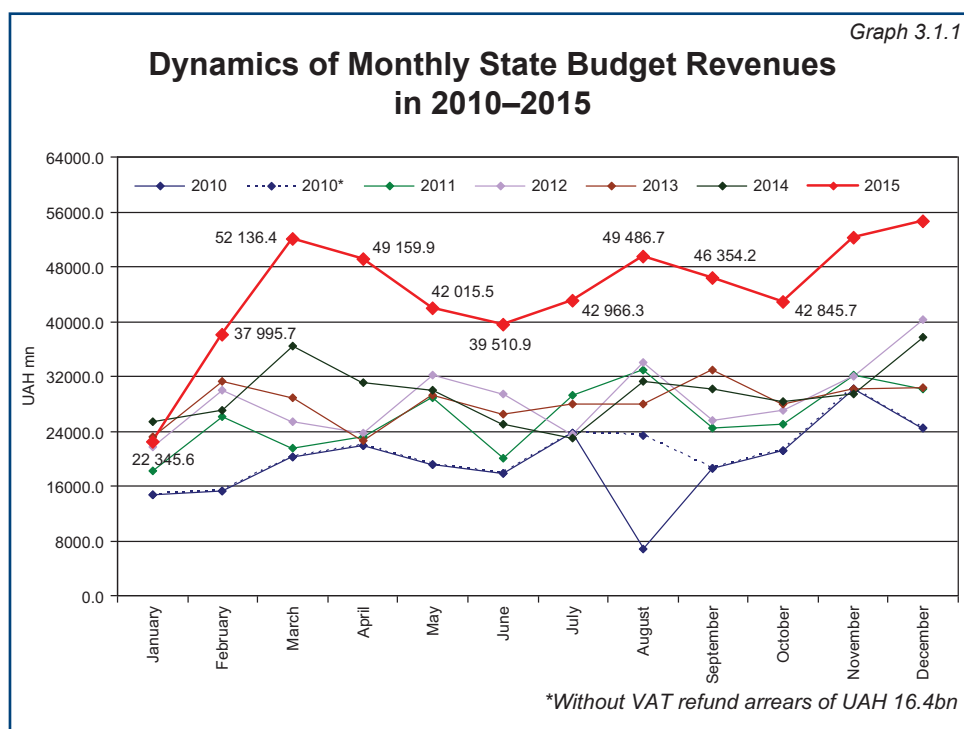
Growth occurred for both tax and non-tax revenues.

Tax revenue growth (+46.1%) included, in particular, Value-Added Tax, the amount of which increased by UAH 39.4bn or 28.4% year-on-year. Personal income tax intake also increased significantly compared to 2014. Specifically, the revenues from this tax remitted to the State budget increased 3.5 times; however, this situation is due to the redistribution of funds between the State and local budgets, namely, due to the partial crediting of personal income tax revenues to the State budget. Previously, the funds were credited to local budgets in full.

Other tax sources that grew include the fees for the use of sub-soil resources, which grew by UAH 20.8bn or more than double; excise tax on goods made in Ukraine by UAH 10.7bn or by 38.1%; excise tax on goods imported in Ukraine by UAH 7.5bn or 44.3%; taxes on foreign trade and external transactions by UAH 27.7bn or more than triple.

Enterprise profit tax receipts fell by UAH 5.2bn or 12.9%.

The monthly dynamics of State budget revenues mostly followed the dynamics of the last two years (see Graph 3.1.1).



STRUCTURE OF CONSOLIDATED AND STATE BUDGET REVENUES

The non-tax component in the structure of revenues of both the consolidated and State budgets increased by 3.9ppt and 3.4ppt, respectively, according to the annual results. The share of tax revenues decreased by 2.8ppt in the consolidated budget, and by 2.0ppt in the State budget.

The changes in the segment of tax revenues are mainly linked to a drop in revenues from the enterprise profit tax, internal VAT, as well as the growth of revenues from taxation of import transactions: Value-Added Tax, excise tax, and import duty.

The structure of revenues of the consolidated and State budget is summarized in Table 3.1.2.

Table 3.1.2

Structure of Consolidated and State Budget Revenues in 2013–2015

(%)

Revenues	Years	Consolidated budget			State budget		
		2013	2014	2015	2013	2014	2015
Tax revenues, including:		79.9	80.6	77.8	77.8	79.0	77.0
– personal income tax		16.3	16.5	15.3	2.20	3.6	8.5
– enterprise profit tax		12.4	8.8	6.0	16.1	11.3	6.5
– fees for the special use of natural resources, including:		6.5	7.4	6.4	4.1	5.3	7.5
– <i>payment for land</i>		2.9	2.7	0.0	–	–	–
– value-added tax		29	30.5	27.4	38.0	39.2	33.5
– excise tax		8.3	9.9	9.7	10.5	12.7	11.9
– taxes on foreign trade and external transactions		3	2.8	6.2	3.9	3.5	7.6
– rent, fees for fuel and energy resources		1.3	1.3	1.1	1.7	1.7	1.4
– other tax revenues		3.1	3.4	5.7	1.3	1.7	0.1
Non-tax revenues, including:		19.2	17.6	21.5	21.6	19.2	22.6
– income from property and business activity		7.6	6.3	11.0	9.9	8.0	13.4

(%)

Revenues	Years	Consolidated budget			State budget		
		2013	2014	2015	2013	2014	2015
– administrative fees and charges, income from noncommercial and incidental sales		1.6	1.5	2.7	1.5	1.5	2.8
– own-source revenues of government-funded institutions		8.6	6.9	6.4	8.6	6.2	5.0
– other non-tax revenues		1.4	2.9	1.4	1.6	3.5	1.4
Income from capital transactions		0.4	0.5	0.3	0.1	0.2	0.0
Targeted funds		0.2	0.1	0.1	0.1	0.1	0.1
Other revenues		0.3	1.2	0.3	0.4	1.5	0.3

TAX REVENUES OF STATE BUDGET

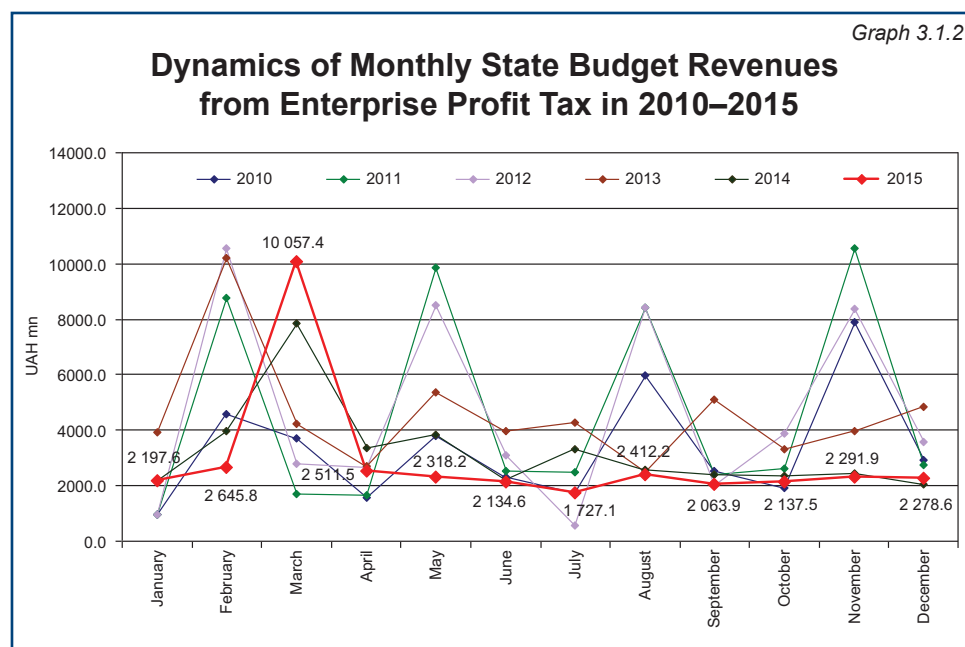
In 2015, the State budget received UAH 409.4bn in tax revenues, which is UAH 129.2bn or 46.1% more year-on-year.

ENTERPRISE PROFIT TAX

In the period under review, revenues from all tax sources increased except for the **enterprise profit tax**.

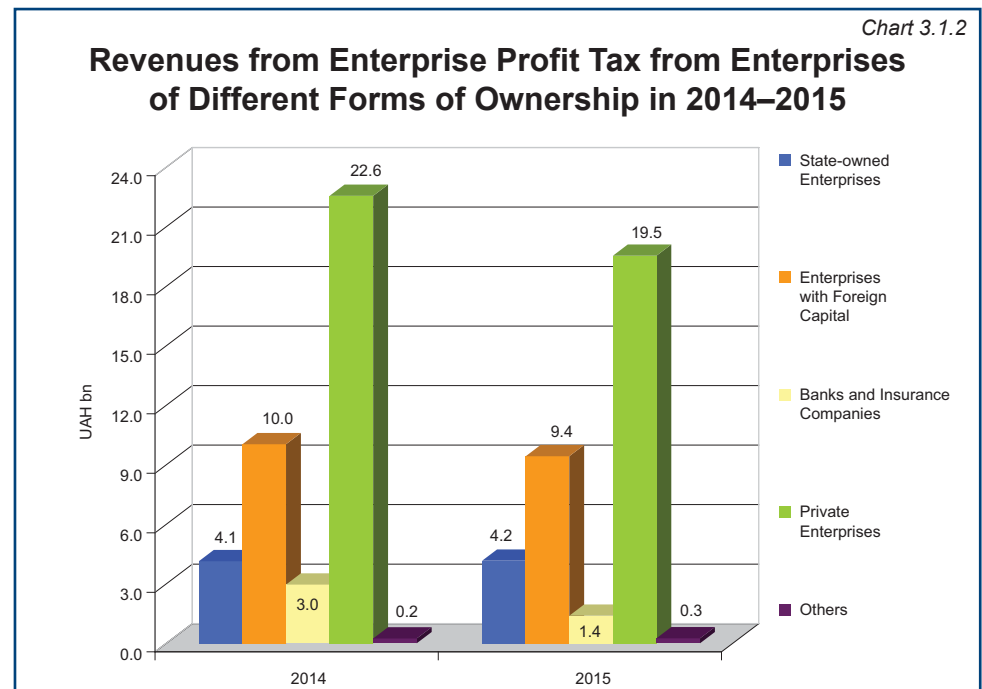
The State budget received UAH 34.8bn in revenues from this tax, which is UAH 5.2bn or 12.9% less than in 2014. The annual target shortfall amounted to 5.8% or UAH 2.1bn.

The monthly dynamics of revenues from the enterprise profit tax differs from the trends of previous years. Specifically, the peak of tax revenues of UAH 10.0bn or nearly one third of the annual amount fell on March (see Graph 3.1.2). This situation arose due to the use of an advance mechanism of tax payment whereby the amount of tax obligation is determined based on the previous year's results and the final settlement takes place in March.



When analyzing the tax revenues in terms of its individual components, it becomes apparent that enterprises of all sectors decreased their payments to the budget, except public sector enterprises. Private companies the decline in tax revenues at (-UAH 3.1bn). The decline amounted to 13.4% compared to 2014, while the finan-

cial sector (banks and insurance companies) reduced their payments by more than twice or by UAH 1.6bn. Tax revenues from public sector enterprises were actually at the 2014 level (see Chart 3.1.2).

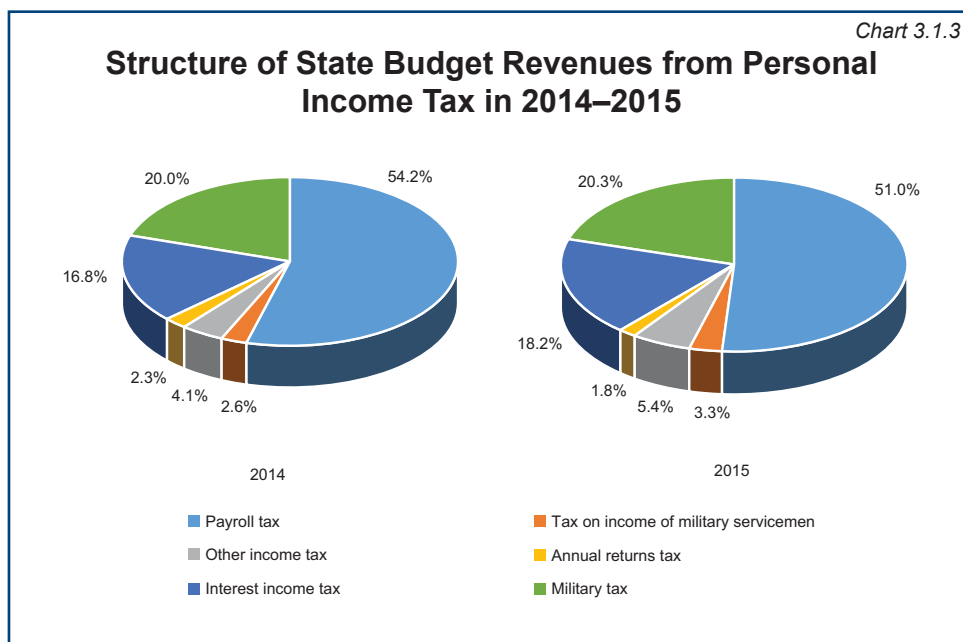


PERSONAL INCOME TAX

The personal income tax is another tax credited to the State budget. It generated UAH 45.1bn in 2015, which is UAH 32.4bn or 3.5 times more year-on-year. Rather than economic factors, this growth is due to a redistribution of funds between the State and local budgets, namely, the partial crediting of personal income tax revenues to the State budget. Previously, these funds were remitted to local budgets.

This amount equals 105.8% of the planned amount.

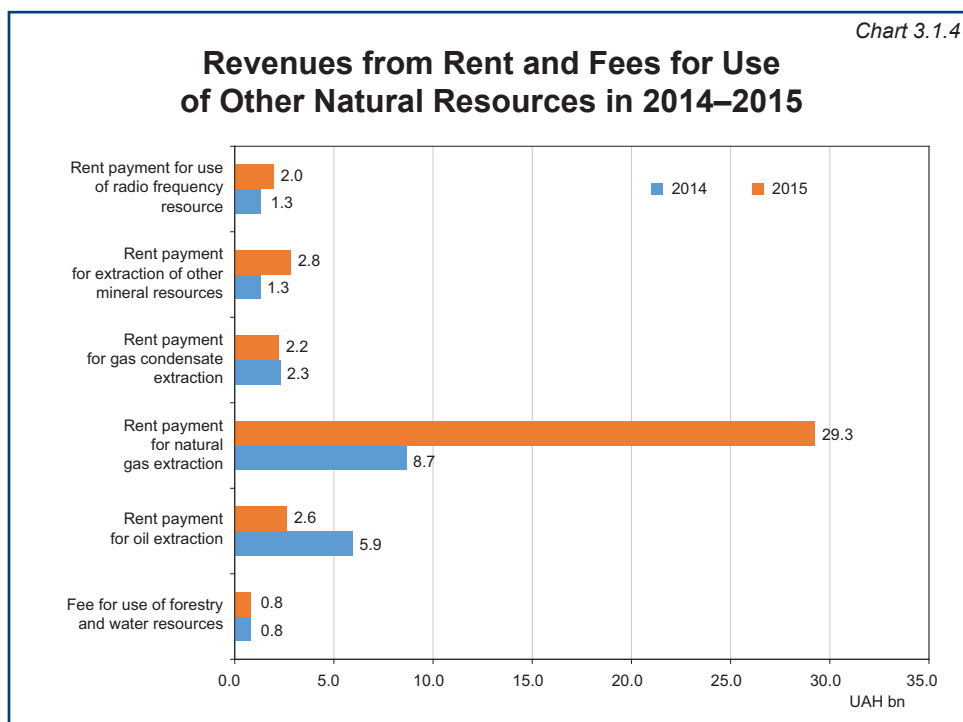
The largest component of this tax in question (UAH 23.0bn) is the income tax on payroll, which accounts for more than a half of all revenue from this tax. One-fifth is remitted in the State budget as the military tax (UAH 9.2bn) introduced in 2014 as a temporary means to replenish the budget under extraordinary conditions. In addition, revenues from the taxation of interest make up a significant proportion of the total tax revenues (UAH 8.2bn). Compared to 2014, the structure of the personal income tax remains practically unchanged (see Chart 3.1.3).



FEE FOR USE OF NATURAL RESOURCES

The revenue from **rent** nearly doubled, and rose to UAH 39.8bn in 2015. However, the annual plan for this item has not been fulfilled. The shortfall amounted to 10.9% or UAH 4.9bn.

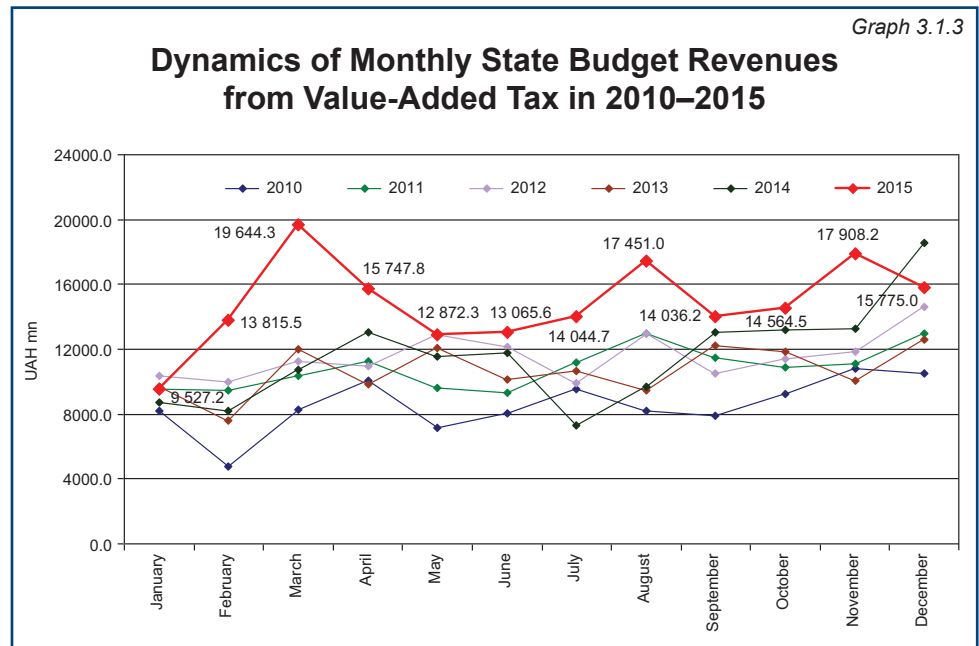
The main reason behind the failure to fulfill the plan was a shortfall in the **fee for oil extraction** (-UAH 3.3bn). Also, the plan for the **fee for natural gas extraction** was also missed (-UAH 1.5bn). However, it is specifically this type of fees that provided the greatest share of rent revenues for the budget, as well as the growth of amounts compared to 2014, as seen from Chart 3.1.4 below.



VALUE-ADDED TAX

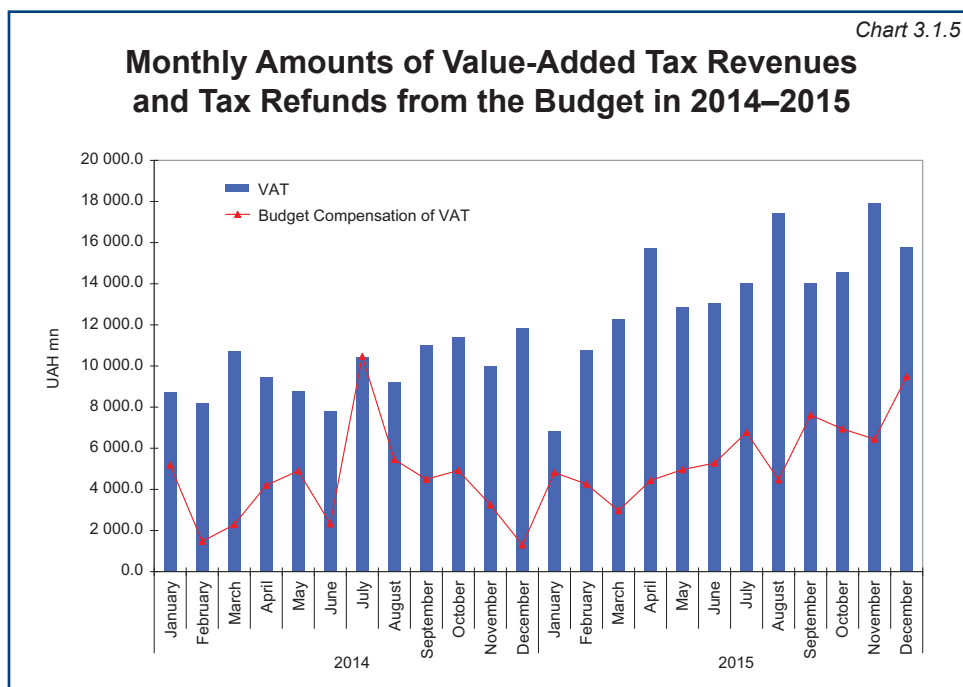
In 2015, the State budget received UAH 178.5bn in revenue from the **Value-Added Tax**, which is UAH 39.4bn or 28.4% more than in 2014. Growth occurred for all components of the tax, including by UAH 26.9bn or 33.1% from VAT on goods made in Ukraine, and by UAH 31.5bn or 29.3% on goods imported into Ukraine. The amount of the tax refunds from the budget also increased by UAH 18.2bn or 36.2% against 2014.

The monthly dynamics of revenues from the Value-Added Tax is presented in Graph 3.1.3.



The average monthly amount of tax refunds from the budget increased somewhat and amounted to UAH 5.1bn per month in 2015 (see Chart 3.1.5). Despite a nominal increase in the amount of VAT budget refunds, their share in the total amount of tax revenues decreased from 43%-45% in 2013-2014 to 35.0% in 2015. At the same time, according to the head of the State Fiscal Service, the arrears in VAT refunds exceeded UAH 20bn as of 1 October 2015⁵.

⁵ <http://economics.unian.net/finance/1132098-biznesu-zadoljani-20-milliardov-nasirov-predlagaet-otdat-bumagami.html>



TAXES ON FOREIGN TRADE AND EXTERNAL TRANSACTIONS

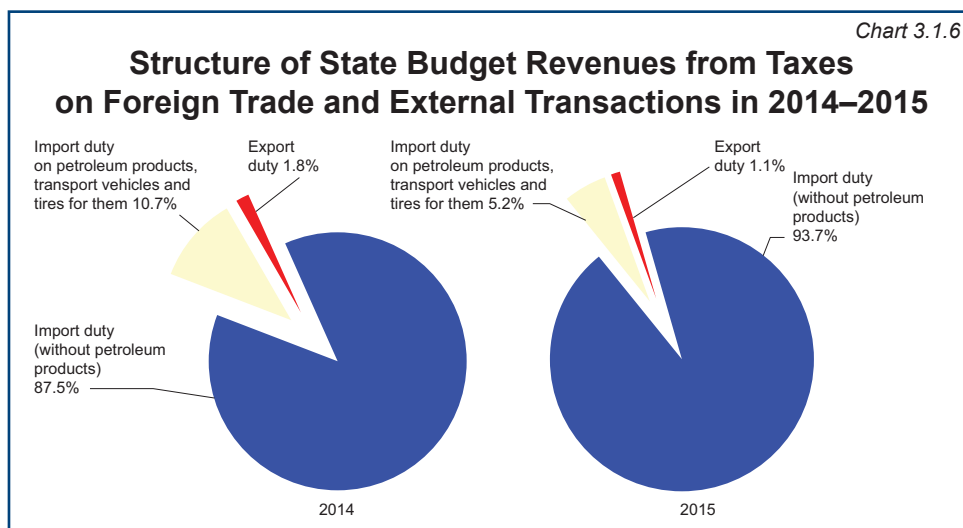
The State budget received UAH 40.3bn in **taxes on foreign trade and external transactions**, which is UAH 27.7bn or more than triple the respective indicator in 2014.

This increase (by UAH 27.5bn) is nearly all due to the increased amount of revenues from the import duty.

Compared to the same period of 2014, the structure of taxes on foreign trade underwent some changes with respect to the import duty due to the decrease in the proceeds from the duty on petroleum products, motor vehicles and tires for them. Specifically, the following changes took place:

- the share of revenue from the import duty (without petroleum products) increased by 6.2ppt;
- the share of revenue from the export duty decreased by 0.7ppt;
- the share of the import duty on petroleum products, motor vehicles and tires for them decreased by 5.5ppt.

These changes are summarized in Chart 3.1.6.

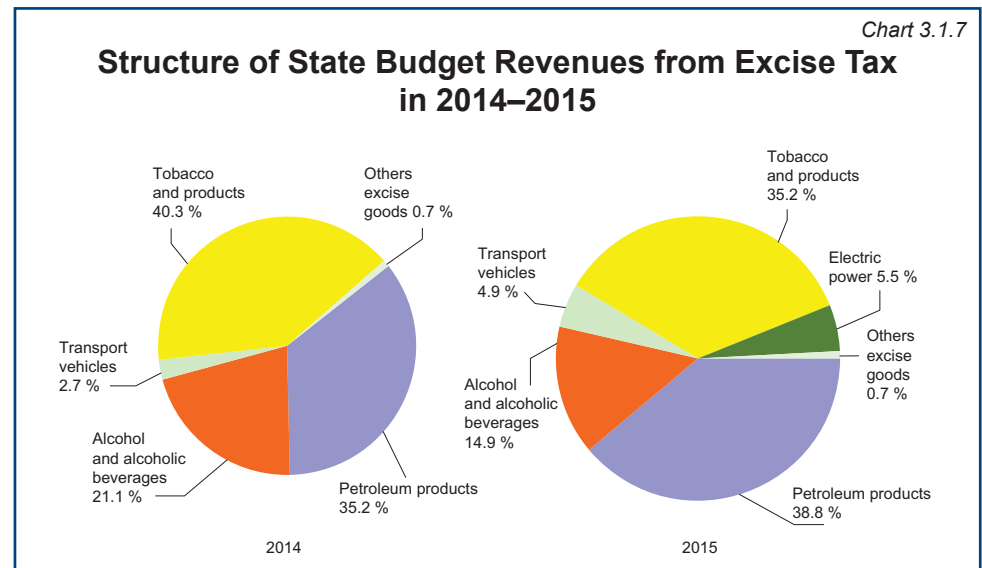


EXCISE TAX

Revenue from the **excise tax** totaled UAH 63.1bn, which is UAH 18.2bn or 40.4% more year-on-year. This amount is 5.1% more than the planned amount for the year, as well as in respect to tax components such as the tax on goods made in Ukraine (6.2%) and excise tax on imported goods (3.5%).

Also, the share of revenue from the excise tax on goods made in Ukraine decreased by 1.0ppt and amounted to 61.5% of the total revenues from this tax.

The structure of excise tax revenues is presented in Chart 3.1.7.



In 2015, the group of excisable goods was expanded to include electricity, with the simultaneous cancellation of a fee in the form of a special-purpose surcharge on the current electricity and heat energy tariffs. This source provided UAH 3.5bn to the budget or 8.9% of the total revenues from the excise tax on goods made in Ukraine.

However, the main driver of the excise tax growth was an increase in revenues from the excise tax on oil and petroleum products by more than 1.5 times, which occurred both due to an increase of excise tax rates on petroleum products in 2015, and due to the expansion of the list of excisable products, in particular, to include substances used as components of motor fuel, alternative motor fuels etc.

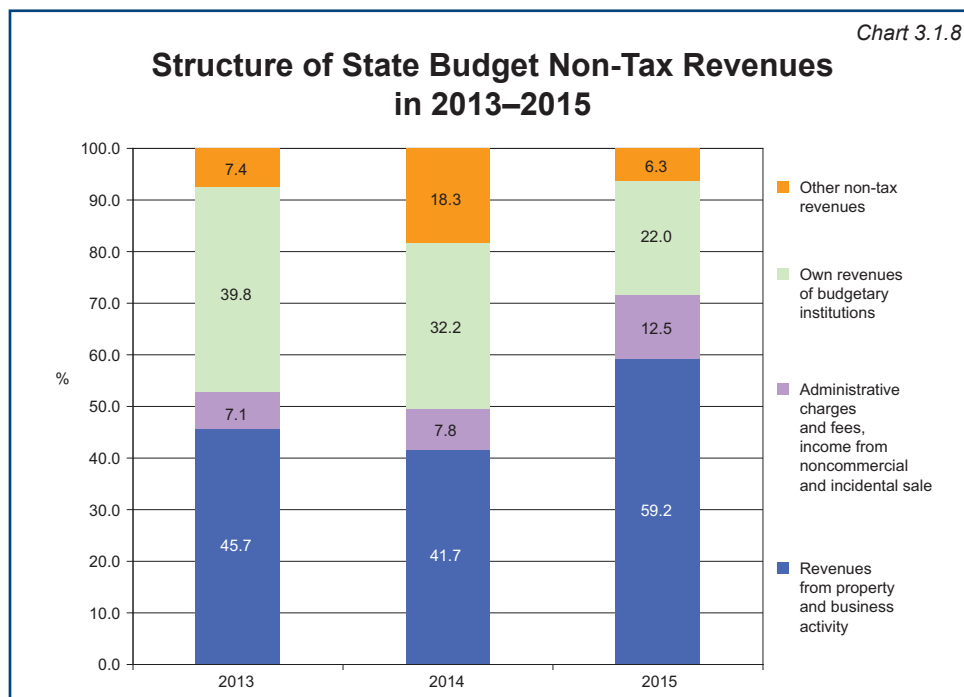
In addition, revenues from the excise tax on motor vehicles nearly doubled, again, both due to the raising of rates, and due to the expansion of the list of excisable motor vehicles. In particular, starting in 2015, excise tax is to be levied on motor vehicles designed to carry ten or more persons, as well as those intended for carrying freight.

NON-TAX REVENUES

The amount of **non-tax revenues** reached UAH 120.0bn, which is UAH 51.7bn or 75.8% more year-on-year. This amount equals 125% of the annual plan.

The structure of non-tax revenues of the State budget changed somewhat, namely: the shares of own-source revenues of government-funded institutions and other non-tax revenues decreased by 10.2ppt and 12.0ppt, respectively; while the shares of income from property and business activity and the administrative charges and fees increased by 17.5ppt and 4.7ppt, accordingly.

The structure of non-tax revenues is presented in Chart 3.1.8.



INCOME FROM PROPERTY AND BUSINESS ACTIVITY

The State budget received UAH 71.1bn in **income from property and business activity**, which is UAH 42.6bn or nearly 2.5 times more year-on-year.

As before, the funds remitted to the budget by the National Bank of Ukraine, at UAH 61.8bn, remain the largest component for this type of revenues, which is slightly more than the target.

At the same time, the revenues from items such as "income from property and business activity" proper exceeded the plan by more than 1.5 times. The transfer of dividends to the State budget by PAT Ukrnafta company, at UAH 0.6bn, was one of the reasons for this exceeding of the target⁶.

ADMINISTRATIVE CHARGES AND FEES

The amount of revenues from administrative charges and fees nearly tripled and reached UAH 15.0bn in 2015. This growth is explained by the sale of 3G licenses to mobile operators for a total of UAH 9.1bn. This was credited under "the fees for issuance, re-registration or extension of licenses for the use of the radio frequency resources of Ukraine".

⁶ http://www.ukrnafta.com/ua/media/press_releases/show/87

OWN-SOURCE REVENUES OF GOVERNMENT-FUNDED INSTITUTIONS

The own-source revenues of government-funded institutions totaled UAH 26.4bn, which is UAH 4.4bn or 20.0% more year-on-year.

The annual plan for this indicator was exceeded by 42.7%.

OTHER NON-TAX REVENUES

The State budget received UAH 7.5bn in other non-tax revenues, which is UAH 5.0bn less than in 2014. This drop in the amount of revenues was caused by the cancellation of the military tax on foreign currency buying and selling transactions by individuals.

The annual plan was exceeded by 24.7%.

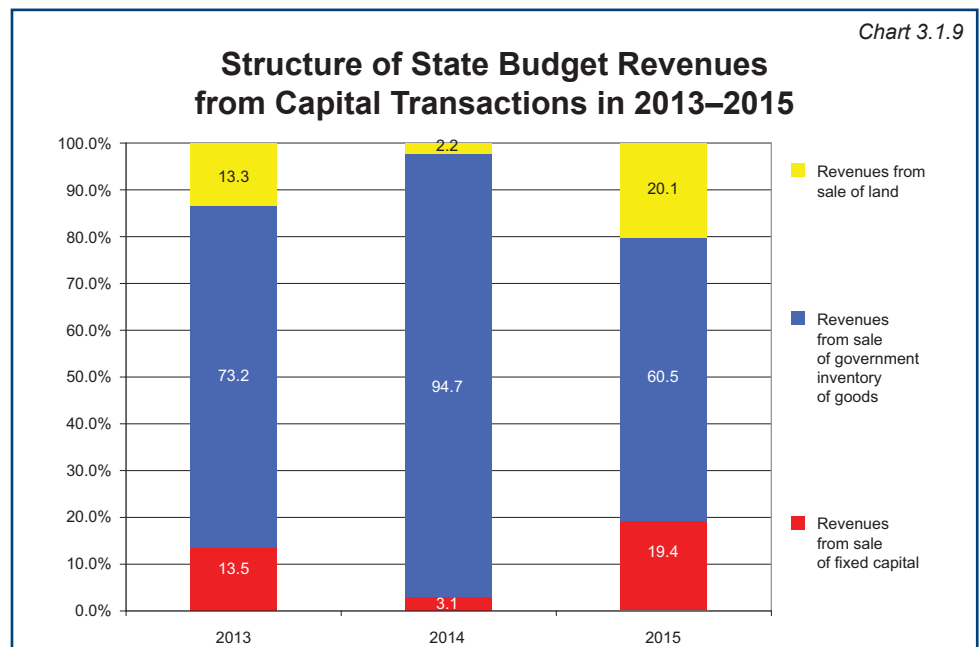
INCOME FROM CAPITAL TRANSACTIONS

The amount of income from capital transactions decreased significantly in 2015. Thus, the budget received UAH 171.4mn under this item, which is UAH 0.7bn less than in 2014.

The main reason for the fall was a seven-fold drop in earnings from the sale of material valuables from the State reserve stocks.

Also, changes occurred in the structure of income from capital transactions, namely: the share of income from sale of fixed capital increased by 16.3ppt, and the share of income from sale of land by 17.9ppt; at the same time, the share of income from sale of the State inventory of goods decreased by 34.2ppt.

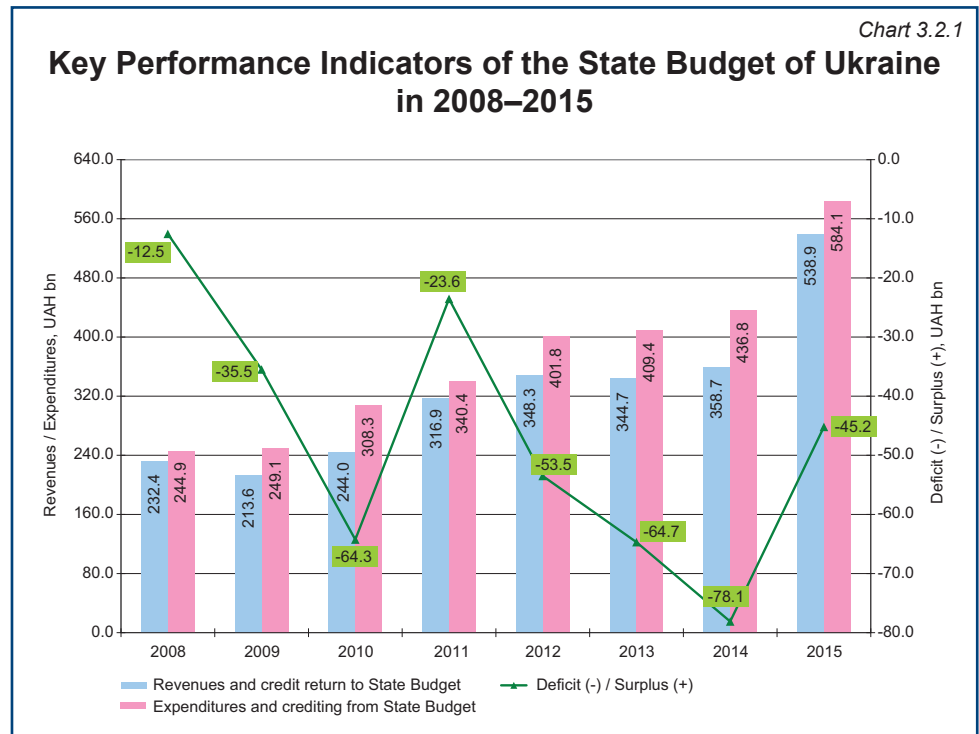
The structure of income from capital transactions is summarized in Chart 3.1.9.



3.2. FINANCING OF STATE BUDGET AND STATE DEBT IN 2015

BUDGET FINANCING

The State budget was executed with a deficit of UAH 45.2bn in the period under review (see Chart 3.2.1), or 59.5% of the ceiling set by the Law on the State budget of Ukraine for 2015, and 57.4% of the adjusted annual plan.



The deficit of the General Fund of the State budget totaled UAH 38.9bn in 2015, which is UAH 22.3bn or 36.5% less than in 2014. The Special Fund deficit decreased by UAH 10.6bn or 62.8% and amounted to UAH 6.3bn.

The financing of the State budget under debt transactions totaled UAH 117.5bn, which amounts to 80.9% of the annual plan (see Table 3.2.1). This indicator decreased by 41.8% compared to 2014.

Table 3.2.1

State Budget Deficit Financing Indicators in 2011–2015

Years / Indicators	2011	2012	2013	2014	2015		
					Annual plan	Actual	Execution, %
General financing, UAH bn, including:	23.5	53.5	64.7	78.1	76.0	45.2	59.5
– <i>General Fund</i>	20.9	53.3	65.2	61.2	62.0	38.9	62.7
– <i>Special Fund</i>	2.6	0.2	– 0.5	16.9	14.0	6.3	45.0
Financing under debt transactions, UAH bn	35.0	41.7	81.0	201.8	145.3	117.5	80.9

Indicators \ Years	Years				2015		
	2011	2012	2013	2014	Annual plan	Actual	Execution, %
Borrowing, UAH bn, including:	80.6	109.8	160.8	322.6	396.9	514.1	129.5
– internal borrowing	53.4	66.8	108.9	227.6	110.2	99.0	89.8
share, %	66.3	60.8	67.7	70.6	27.8	19.3	x
– external borrowing	27.2	43.0	51.9	95.0	286.7	415.1	144.8
share, %	33.7	39.2	32.3	29.4	72.2	80.7	x
Repayment, UAH bn, including:	– 45.6	– 68.1	– 79.8	– 120.8	– 251.6	– 416.6	165.6
– internal borrowing	– 32.1	– 38.0	– 41.8	– 68.0	– 128.0	– 91.2	71.3
share, %	70.3	55.8	52.4	56.3	50.9	21.9	x
– external borrowing	– 13.5	– 30.1	– 38.0	– 52.8	– 123.6	– 325.4	2.6
share, %	29.7	44.2	47.6	43.7	49.1	78.1	x
Adjustment under external obligations, UAH bn	x	x	x	x	0.0	20.0	x
Proceeds from privatization of State property, UAH bn	11.5	6.8	1.5	0.5	17.0	0.2	1.2
Financing under active transactions, UAH bn	– 23.0	5.0	– 17.8	– 124.2	– 86.3	– 72.5	84.0

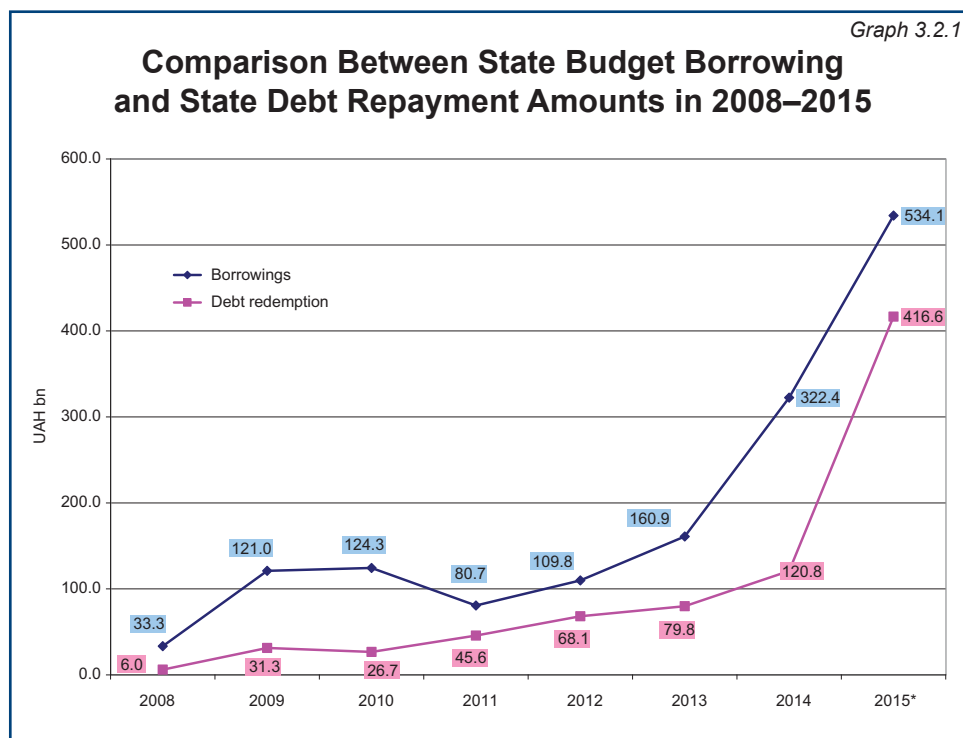
Borrowing totaled UAH 514.1bn or 129.5% of the annual target and 81.2% of the adjusted annual target, with 89.8% planned internal borrowing executed for the year, and external borrowing at 144.8% of the plan. Internal borrowing accounts for 19.3% of borrowing, which is 51.3ppt less than in 2014.

Of the UAH 541.1bn total borrowing, UAH 99.0bn was mobilized on the internal market, and UAH 415.1bn on the external market. The General Fund of the State budget received UAH 507.8bn, including the issue of internal government bonds to increase the statutory capitals of banks and other legal entities by the total amount of UAH 33.5bn (including UAH 3.8bn for AB Ukrhazbank and UAH 29.7bn for NAK Naftogaz of Ukraine). In order to provide a credit to the Private Deposit Insurance Fund, internal government bonds with an average weighted yield of 11.43% totaling UAH 41.5bn were issued.

The funds provided by international economic development organizations totaled UAH 6.3bn or 44.8% of the annual plan. In 2014, receipts of such funds totaled UAH 4.4bn or 71.1%.

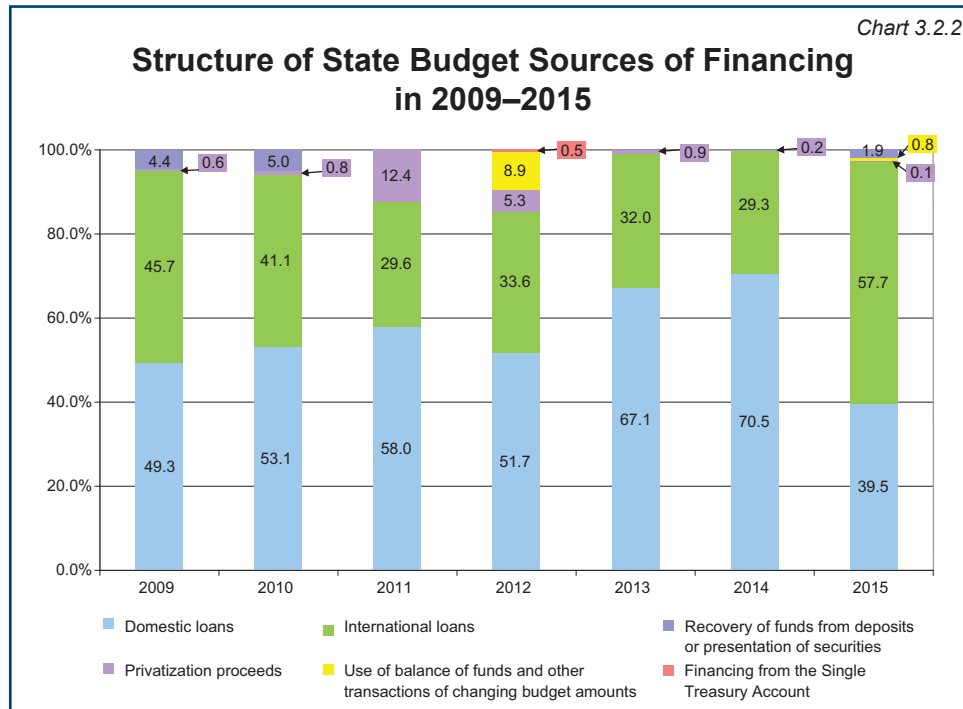
Debt repayment totaled UAH 416.6bn, which is 3.4 times more than in 2014 (see Table 3.2.1). This amount equals 165.6% of the annual plan and is 67.3ppt more than in 2014. The repayment of internal debt totaled UAH 91.2bn or 71.3% of the annual plan, and that of external debt totaled UAH 325.4bn or 2.6 times more.

The gap between the amounts of borrowing and debt repayment narrowed compared to 2014 (see Graph 3.2.1), which may help reduce the debt burden on the budget in the future.



* The 2015 borrowing figures provided with an UAH 20.0bn adjustment for external obligations.

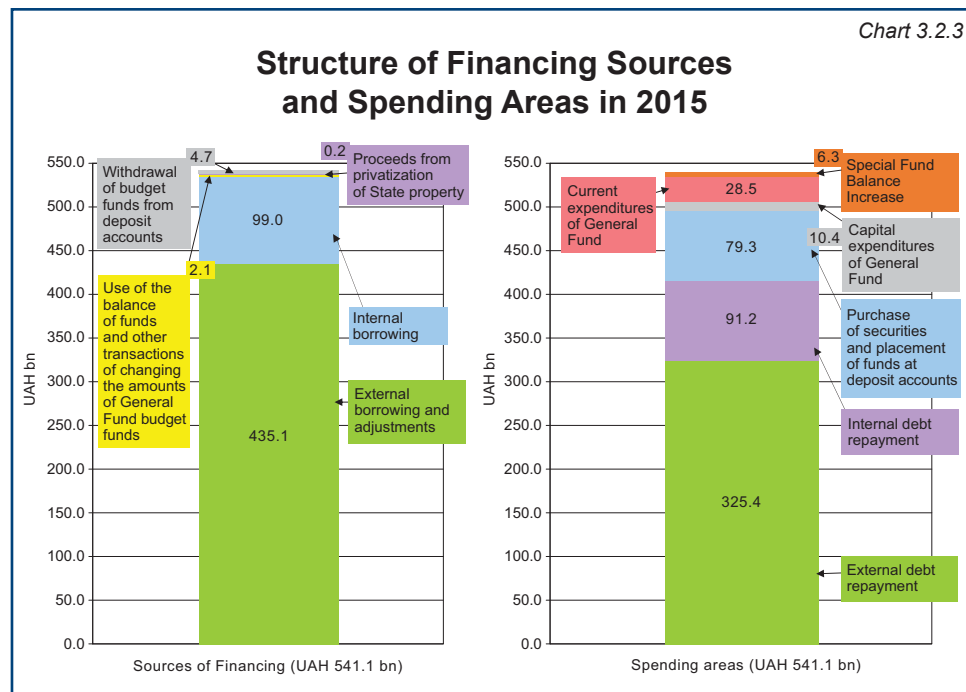
The structure of financing sources changed in 2015 compared to recent years (see Chart 3.2.2).



For instance, more than half of the total financing amount was provided by external borrowing. The share of financing from internal borrowing amounted to 39.5%. At the same time, a balance of funds

at the General Fund was successfully accumulated last year⁷. This totaled UAH 26.2bn, which amounts to 4.8% of General Fund expenditures of the State budget.

Chart 3.2.3 illustrates the comparison between the amounts of financing sources and spending areas from these sources in 2015.



As seen from Chart 3.2.3, the repayment of the internal debt was mainly achieved against external borrowing. In the future, this could lead to an increased debt burden due to the decline of hryvnia exchange rate against U.S. dollar.

Capital expenditures of the General Fund totaled UAH 10.4bn or nearly four times less than the total amount of the financing sources intended for incurring expenditures of the General Fund. This points to the insufficiency of State revenue to cover the current needs. This state can also create a risk of intensifying the debt burden on the budget in the future due to the scarcity of the investments whose socioeconomic impact could help increase budget revenues.

EXPENSES FOR REPAYMENT AND SERVICING OF STATE DEBT

Expenditures for State debt servicing totaled UAH 86.8bn or 98.2% of the annual target, which is 0.6ppt less than in 2014 (see Table 3.2.2).

The total expenses for State debt repayment and servicing amounted to UAH 503.4bn or 50.3% of all State budget expenditures. This indicator amounted to 32.4ppt in 2014, 23.3ppt in 2013, and 3.9ppt in 2008.

⁷ According to part three of Article 114 of the Budget Code of Ukraine, the turnover balance of budget funds is a part of the balance of funds of the General Fund of respective budget, which is set up for covering temporary cash gaps. Such a balance is set at the proportion of not more than 2 percent of the planned expenditures of the General Fund, and is to be approved by the Law on the State budget of Ukraine or local budget resolution.

Table 3.2.2

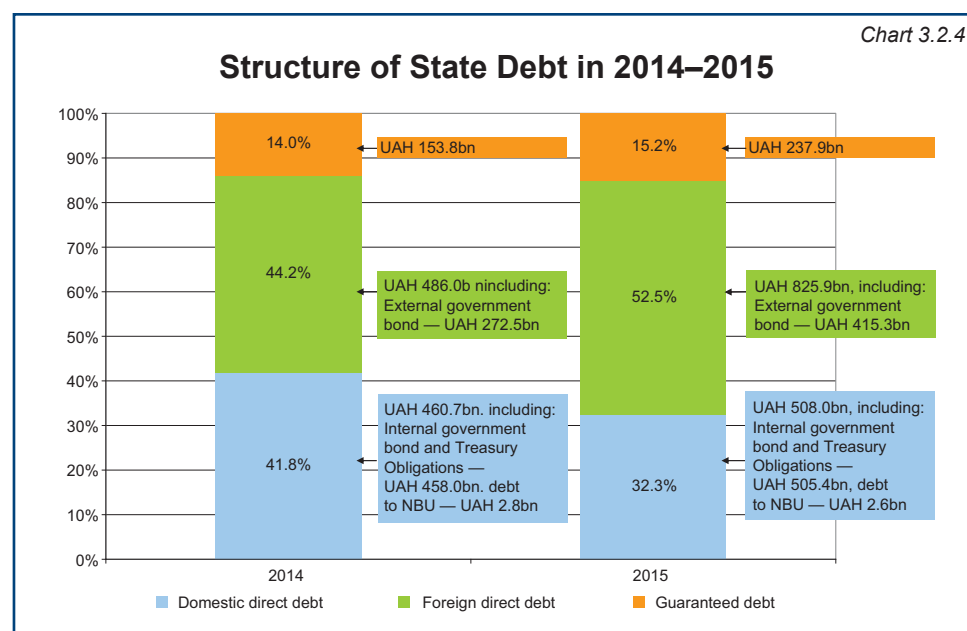
Budget Expenses for Repayment and Servicing of the State Debt in 2013–2015

Indicators	2013			2014			2015		
	Annual plan, UAH bn	Actual, UAH bn	Execution, %	Annual plan, UAH bn	Actual, UAH bn	Execution, %	Annual plan, UAH bn	Actual, UAH bn	Execution, %
PAYMENTS UNDER STATE DEBT, total, including:	116.2	114.2	98.2	174.6	171.8	98.4	555.0	503.4	90.7
– internal	67.3	65.7	97.7	103.2	102.7	99.5	188.3	151.3	80.4
– external	48.9	48.5	99.0	71.4	69.1	96.8	366.7	352.1	96.0
State debt repayment, total, including:	81.1	79.8	98.4	123.0	120.8	98.2	466.6	416.6	89.3
– internal	43.0	41.8	97.3	68.3	68.0	99.6	128.0	91.2	71.3
– external	38.1	38.0	99.7	54.7	52.8	96.5	338.6	325.4	96.1
State debt servicing expenditures, including:	35.1	34.4	97.9	51.6	51.0	98.8	88.4	86.8	98.2
– internal	24.3	23.9	98.4	34.9	34.7	99.4	60.3	60.1	99.7
– external	10.8	10.5	96.6	16.7	16.3	97.6	28.1	26.7	95.0
BUDGET EXPENSES, total (expenditures, lending, State debt repayment)	528.7	489.2	92.5	564.5	531.0	94.1	1082.2	1000.7	92.5
Proportion of payments under State debt in budget expenses, %	22.0	23.3	x	30.9	32.4	x	51.3	50.3	x

STATE AND STATE-GUARANTEED DEBT

The State and State-guaranteed debt of Ukraine reached UAH 1,571.8bn by the end of 2015, including 66.3% (UAH 1,042.3bn) of State and State-guaranteed external debt, and 33.7% (UAH 529.5bn) of internal debt.

The State debt of Ukraine totaled UAH 1,333.9 or 84.8% of the State and State-guaranteed debt combined, of which internal debt accounts for 32.3% (or UAH 508.0bn) of internal debt, and external debt accounts for 52.5% (or UAH 825.9bn) (see Chart 3.2.4).



The State-guaranteed debt reached UAH 237.9bn by the end of 2015 or 15.2% of the State and State-guaranteed debt combined. As before, the guaranteed external debt accounted for the largest share at 13.8% or UAH 216.4bn. The guaranteed internal debt amounted to UAH 21.5bn or 1.4% of the State and State-guaranteed debt combined.

3.3. ANALYSIS OF CONSOLIDATED AND STATE BUDGET EXPENDITURES AND LENDING IN 2015

CONSOLIDATED BUDGET

The actual expenditures of the consolidated budget of Ukraine totaled UAH 679.8bn, which amounts to 94.7% of the annual plan, including General Fund expenditures of UAH 604.8bn or 97.1%, and Special Fund expenditures of nearly UAH 75.0bn or 79.2% (see Table 3.3.1).

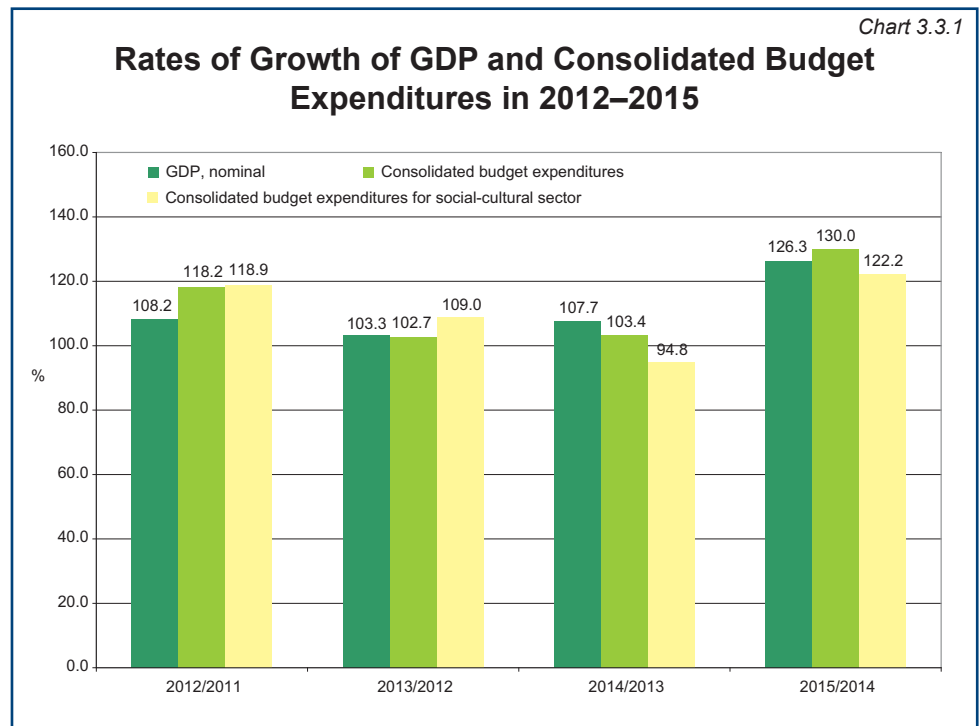
Table 3.3.1

Expenditures of Consolidated, State, and Local Budgets in 2013–2015

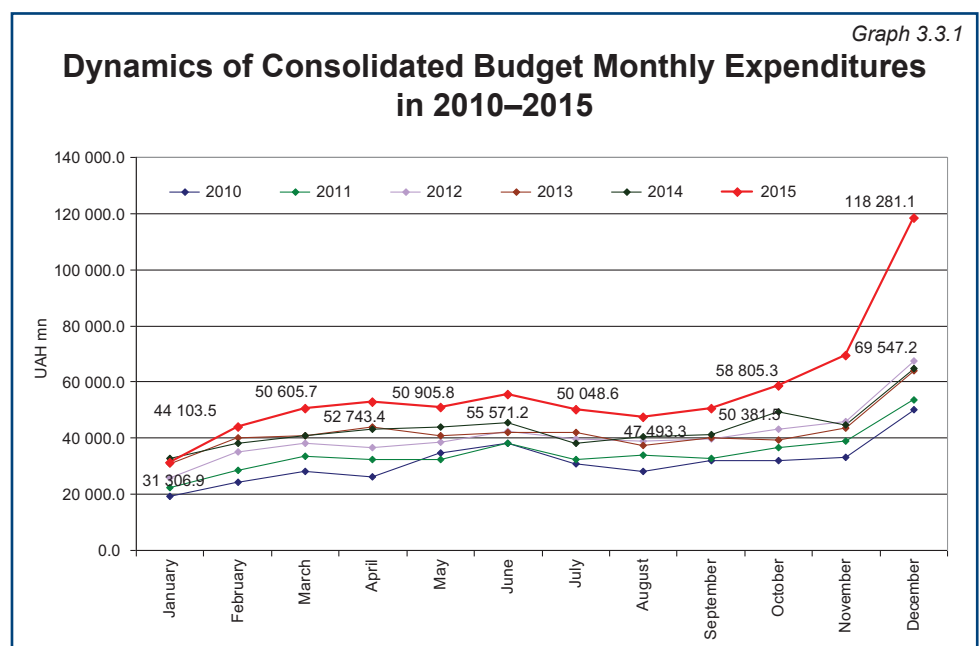
Years Expenditures	2013			2014			2015		
	Annual plan, UAH mn	Actual, UAH mn	Execution, %	Annual plan, UAH mn	Actual, UAH mn	Execution, %	Annual plan, UAH mn	Actual, UAH mn	Execution, %
Consolidated budget, including:	554 504.4	505 843.8	91.2	589 807.6	523 004.8	88.7	717 606.9	679 793.5	94.7
– General Fund	459 473.0	442 636.6	96.3	477 323.4	443 135.8	92.8	622 890.5	604 797.9	97.1
– Special Fund	95 031.4	63 207.2	66.5	112 484.2	79 869.0	71.0	94 716.4	74 995.6	79.2
State budget (without interbudget transfers), including:	30 965.3	287 607.7	92.5	324 954.3	299 508.1	92.2	423 159.5	402 868.3	95.2
– General Fund	256 808.8	247 735.7	96.5	264 461.7	254 370.7	96.2	379 789.4	371 438.2	97.8
– Special Fund	54 156.5	39 872.0	73.6	60 492.6	45 137.4	74.6	43 370.2	31 430.2	72.5
Local budgets (without interbudget transfers), including:	243 539.0	218 236.1	89.6	264 853.3	223 496.7	84.4	294 447.4	276 925.2	94.0
– General Fund	202 664.2	194 900.9	96.2	212 861.7	188 765.1	88.7	243 101.2	233 359.8	96.0
– Special Fund	40 874.8	23 335.2	57.1	51 991.6	34 731.6	66.8	51 346.2	43 565.4	84.8
State budget (with inter-budget transfers), including:	432 930.9	403 456.1	93.2	462 542.6	430 108.8	93.0	599 563.4	576 848.3	96.2
– General Fund	72 230.0	360 851.8	96.9	384 597.4	371 153.0	96.5	554 591.5	544 634.9	98.2
– Special Fund	60 700.9	42 604.3	70.2	77 945.2	58 955.8	75.6	44 971.9	32 213.4	71.6
Inter-budget transfers, total	121 965.6	115 848.4	95.0	137 588.3	130 600.7	94.9	176 43.9	173 980.0	98.6

As seen from the table data, the level of execution of expenditures of the consolidated budget increased by 6.0ppt year-on-year. In the period under review, expenditures of the General Fund were executed at a level 4.3ppt higher than in 2014, and those of the Special Fund at 8.2ppt higher.

The consolidated budget expenditures growth rate amounted to 130.0%, which is significantly more than the respective indicators of recent years (103.4% in 2014 and 102.7% in 2013) (see Chart 3.3.1). The rate of growth of consolidated budget expenditures is higher than the nominal GDP growth rate. The share of consolidated budget expenditures in GDP increased (up to 34.3%); at the same time, as before, it remained lower than in the pre-crisis year of 2008 (38.4%).



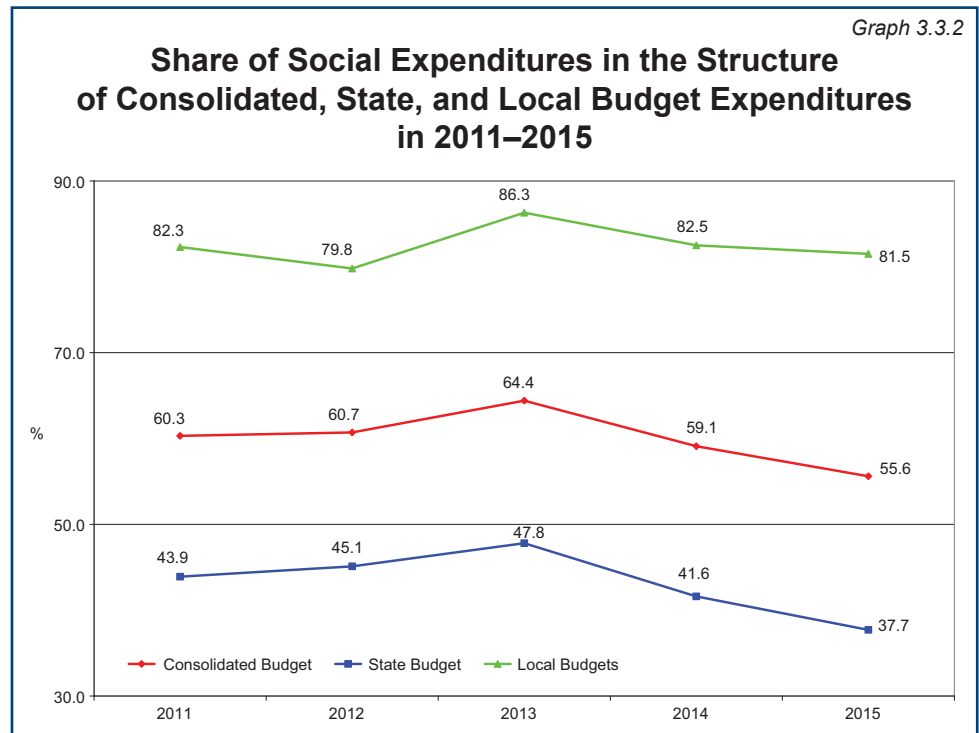
The monthly dynamics of actual expenditures of the consolidated budget in the reviewed period is shown in Graph 3.3.1. As usual, December expenditures were the highest of the year.



The social expenditures⁸ of the consolidated budget totaled UAH 377.7bn in 2015, which is UAH 68.7bn or nearly 22.2% more year-on-year. This amounted to 55.6% of expenditures, which is

⁸ The social expenditures include expenditures for healthcare, education, spiritual and physical development, social protection and social security (Decree of the Cabinet of Ministers of Ukraine of 13 May 2011, No. 3358).

3.5ppt less than in 2014, and is the lowest value in the last three years (see Graph 3.3.2). The shares of consolidated budget expenditures for education, healthcare, social protection and social insurance, and spiritual and physical development decreased by 2.3ppt, 0.5ppt, 0.4ppt, and 0.3ppt, respectively, and amounted to 5.2%, 2.0%, 18.0%, and 2.0%, respectively.



As seen from Graph 3.3.2, local budgets allocate significantly more funds to the social and cultural sector compared to the State budget. This is explained by the structure of local budget expenditures according to the Budget Code of Ukraine. In 2015, the share of these expenditures of local budgets decreased by 1.0ppt against 2014 and amounted to 81.5%.

This reduction in share occurred due to a more significant rate of growth of expenditures for general government functions and environmental protection (see Table 3.3.2). In 2015, their amounts in the total local budget expenditures reached UAH 117.6bn and UAH 5.5bn, accordingly.

As seen from the Graph, the share of expenditures for the social and cultural sector decreased by 3.5ppt to 55.6%. This decrease is linked to an increase of expenditures for general government functions by 17.3% (or by 2.6ppt) and for defense by 7.7% (or by 2.4ppt).

Table 3.3.2

Growth Rates of Certain Expenditure Types of the Consolidated, State, and Local Budgets in 2013–2015 Compared to Previous Period

(%)

Years Expenditures by functional classification	2013			2014			2015		
	Consolidated budget	State budget	Local budgets	Consolidated budget	State budget	Local budgets	Consolidated budget	State budget	Local budgets
Expenditures total (without inter-budget transfers), including for:	102.7	106.0	98.6	103.4	104.1	102.4	130.0	134.5	123.9
– housing and communal services	38.4	25.5	38.7	231.1	115.2	232.6	88.2	19.3	88.6
– general government functions	113.0	113.8	109.7	124.5	131.4	95.0	153.1	156.6	131.8
– defense	102.5	102.5	108.5	184.3	184.4	182.8	190.1	190.1	437.3
– environmental protection	105.6	111.1	85.9	62.2	56.5	87.9	158.8	156.1	168.2
– healthcare	105.3	113.4	10.4	92.7	81.3	95.6	124.4	109.3	127.9
– spiritual and physical development	100.2	93.1	10.9	101.4	95.3	105.1	117.1	135.9	107.0
– education	103.9	102.3	104.6	94.9	92.7	95.8	114.1	105.3	117.6
– social protection and social security	115.8	117.7	112.9	95.1	91.0	101.6	127.8	128.7	126.5

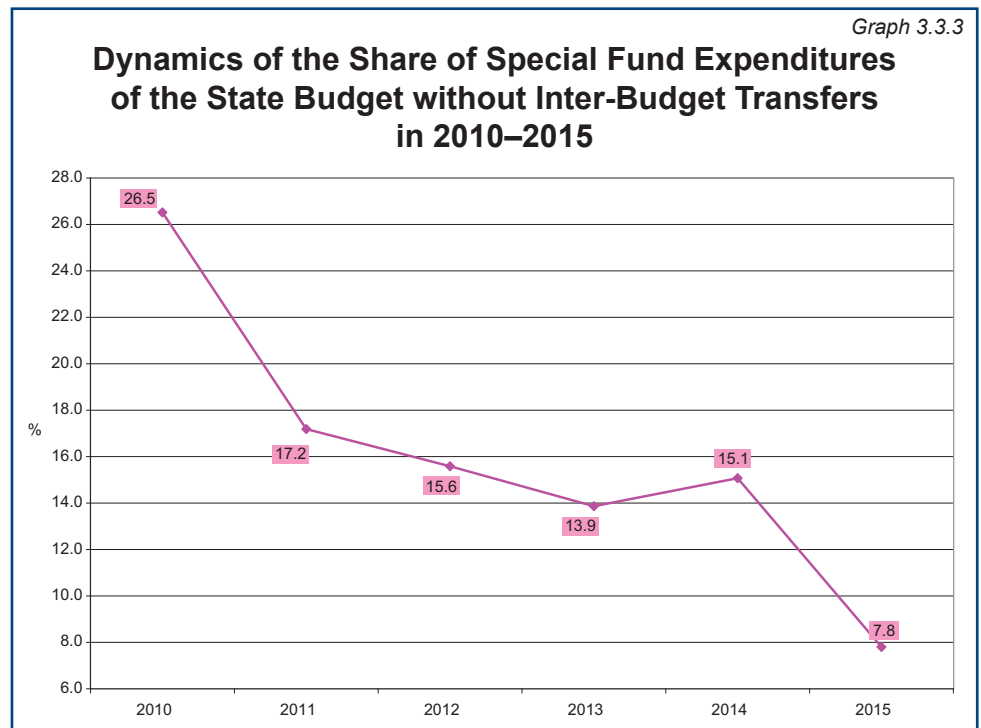
STATE BUDGET

The level of execution of the annual plan for **expenditures of the State budget of Ukraine with inter-budget transfers** increased by 3.2ppt year-on-year and amounted to 96.2%. At the same time, the total amount of expenditures increased by 34.1% against 2014 and amounted to UAH 576.8bn (see Table 3.3.1).

Expenditures of the State budget of Ukraine without inter-budget transfers totaled UAH 402.9bn, which is UAH 103.4bn or 34.5% more than in 2014. The level of execution of the annual plan amounted to 95.2%, which is 3.0ppt higher than in 2014.

General Fund financing totaled UAH 371.4bn, which is 46.0% more than in 2014, and amounts to 97.8% of the planned annual allocations. Special Fund financing totaled UAH 31.4bn, which is 30.4% less than in 2014. The level of execution of the annual plan for the Special Fund amounts to 72.5% (74.6% in 2014).

Special Fund expenditures as a share of the State budget nearly halved compared to 2014(see Graph 3.3.3). This is mainly linked to the transfer of some revenues from the Special Fund to the General Fund, in particular those revenues that were the source of accumulation for the Road Fund, which has led to an UAH 13.6bn drop in expenditures for the road sector compared to 2014. Also, expenditures for social protection at the expense of the Special Fund were not planned in 2015, even though they amounted to UAH 6.7bn in 2014.

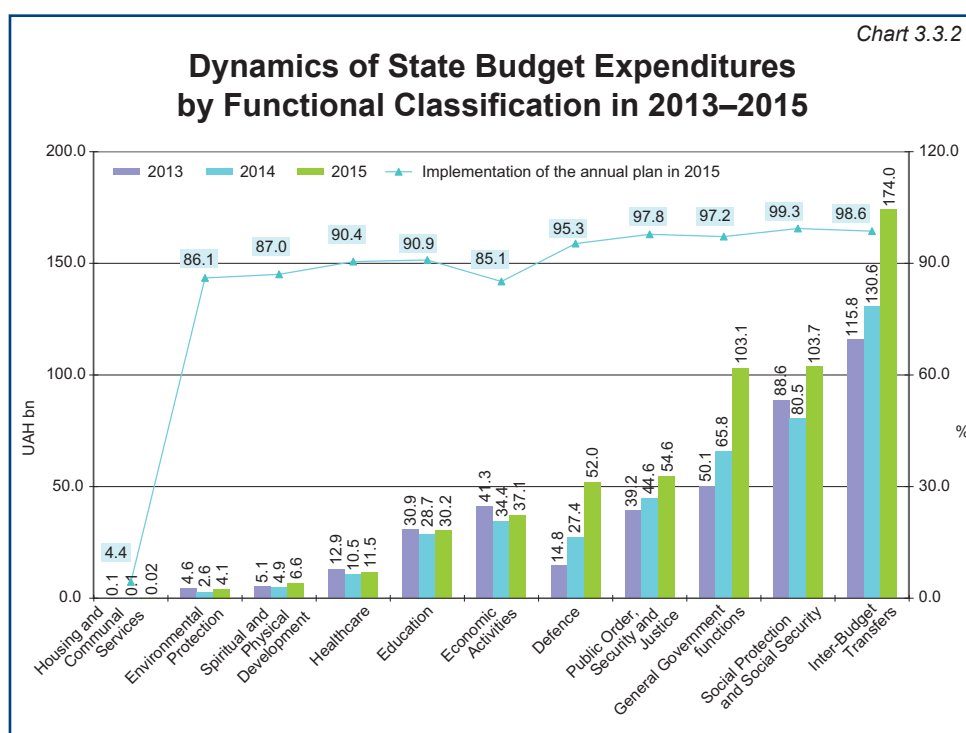


The decrease in the share of Special Fund expenditures was also influenced by a UAH 13.0bn reduction of expenditures for inter-budget transfers. They totaled UAH 13.8bn in 2014 compared to a mere UAH 0.8bn in 2015. This decrease occurred due to a significant cut in expenditures under a State budget subvention to local budgets for repaying the debt due to the difference in tariffs for heat energy, heating, hot water supply, and services of centralized water supply and sewerage. UAH 11.7bn, or 17.7 times more funds, were spent for this purpose in 2014.

EXPENDITURES BY FUNCTIONAL CLASSIFICATION

Compared to 2014, the highest growth of expenditures in nominal terms occurred in the following areas (see Chart 3.3.2):

- inter-budget transfers — by UAH 43.4bn or by 33.2%;
- general government functions — by UAH 37.3bn or by 56.5%, including expenditures for debt servicing by UAH 36.5bn or 76.1%;
- defense — by UAH 24.6bn or by 90.1%; and
- social protection and social security — by UAH 23.2bn or by 28.7%.



Expenditure execution was closest to the annual plan in expenditures for social protection and social security (99.3%), inter-budget transfers (98.6%), public order, security, and judiciary (97.8%), general government functions (97.2%), as well as expenditures for defence (95.3%) (see Chart 3.3.2).

As in 2014, expenditures for housing and communal services (4.4%) least matched the annual plan.

The shares of expenditures increased for defence, general government functions — and very slightly — for environmental protection, and decreased for other State budget expenditures, including social expenditures (see Table 3.3.3). Nearly all expenditures grew, with the only exception being expenditures for housing and communal services, which decreased by UAH 90mn; their growth rate decreased by 95.8ppt against 2014.

Table 3.3.3

State Budget Expenditures by Functional Classification of Expenditures and Lending in 2013–2015

Expenditures by functional classification	2013			2014			2015		
	Plan, UAH mn	Actual, UAH mn	Actual share, %	Plan, UAH mn	Actual, UAH mn	Actual share, %	Plan, UAH mn	Actual, UAH mn	Actual share, %
General government functions, including:	52 527.5	50 101.1	12.4	68 503.2	65 836.5	15.3	106 070.3	103 097.0	17.9
• debt servicing	32 558.0	31 677.1	7.9	48 329.9	47 976.7	11.2	85 669.3	84 505.4	14.6
Defence	16 160.7	14 84.0	3.7	28 472.1	27 363.3	6.4	54 568.5	52 005.0	9.0
Public order, security, and judiciary	41 282.2	39 190.9	9.7	46 712.6	44 617.2	10.4	55 836.5	54 601.3	9.5
Environmental protection	8 285.1	4 595.0	1.1	3 849.1	2 597.4	0.6	4 709.8	4 053.0	0.7
Housing and communal services	127.7	96.9	0.0	149.9	111.5	0.03	493.0	21.5	0.004

Expenditures by functional classification	2013			2014			2015		
	Plan, UAH mn	Actual, UAH mn	Actual share, %	Plan, UAH mn	Actual, UAH mn	Actual share, %	Plan, UAH mn	Actual, UAH mn	Actual share, %
Healthcare	14 052.6	12 879.3	3.2	11 801.5	10 475.8	2.4	12 660.5	11 450.3	2.0
Spiritual and physical development	5 531.3	5 111.9	1.3	5 458.1	4 871.8	1.1	7 604.8	6 619.2	1.1
Education	33 580.7	30 943.1	7.7	32 154.1	28 674.6	6.7	33 208.0	30 184.8	5.2
Social protection and social security, including:	89 328.7	88 547.3	21.9	87 375.0	80 549.1	18.7	104 381.2	103 700.9	18.0
• social protection of pensioners	82 233.6	83 233.6	20.6	81 729.7	75 813.9	17.6	94 811.6	94 811.6	16.4
Economic activity, including:	50 088.8	41 299.2	10.2	40 478.6	34 410.8	8.0	43 626.7	37 135.4	6.4
• agriculture, forestry and game preserves, and fisheries	9 550.3	8 560.7	2.1	6 973.1	5 759.1	1.3	5 312.2	4 732.8	0.8
• fuel and energy complex	16 241.9	15 389.2	3.8	10 164.8	9 335.8	2.2	3 564.9	1 889.6	0.3
• transport	17 930.0	14 202.6	3.5	16 860.6	14 428.9	3.4	25 562.9	23 104.2	4.0
• other expenditures for economic activity	6 366.6	3 146.7	1.0	6 480.1	4 887.0	1.1	9 186.6	7 408.8	1.3
Inter-budget transfers	121 965.6	115 848.3	28.7	137 588.4	130 600.7	30.4	176 403.9	173 980.0	30.2
Total	432 930.9	403 456.0	100.0	462 542.6	430 108.8	100.0	599 563.4	576 848.3	100.0

Table 3.3.4 shows the structure of decrease and increase of expenditures in the main sectors.

Table 3.3.4

Comparison of 2014–2015 State Budget Expenditures by Functional Classification of Expenditures and Lending

Names of indicators as per functional classification of expenditures and lending	Executed in 2014, UAH mn	Executed in 2015, UAH mn	Change of indicator (+/-) of 2015 vs. 2014, UAH mn	Structure of growth of expenditures in 2015 vs. 2014, %	Rate of growth of expenditures in 2015 vs. 2014, %
EXPENDITURES TOTAL, including:	430 217.8	576 848.3	146 630.5	x	134.1
Decrease of expenditures total, including:	27 915.8	15 663.0	-12 252.9	100.0	56.1
Basic and applied research and developments in the field of public administration	3 267.1	3 114.9	-152.2	1.2	95.3
Conducting elections and referenda	1 388.6	116.0	-1 272.6	10.4	8.4
Agriculture, forestry and game preserves, and fisheries	5 759.0	4 732.8	-1 026.2	8.4	82.2
Fuel and energy complex	9 335.8	1 889.6	-7 446.2	60.8	20.2
Basic and applied research in economy sectors	842.9	834.6	-8.3	0.1	99.0
Municipal utilities	111.5	21.5	-90.0	0.7	19.3
Medical products and equipment	4.3	.0	-4.3	0.03	0.0
Hospitals and health improvement and resort	5 492.3	4 473.5	-1 018.8	8.3	81.5
Basic and applied research and development in the sphere of spiritual and physical development	38.0	29.5	-8.4	0.07	77.8
Other activities in the sphere of spiritual and physical development and information	31.2	28.8	-2.4	0.02	92.2
General secondary education	193.7	187.7	-6.0	0.05	96.9
Vocational education	1 321.2	124.6	-1 196.6	9.8	9.4
Extramural education and extracurricular activities for children	110.6	92.9	-17.6	0.1	84.1
Basic and applied research in the field of social protection	19.8	16.6	-3.2	0.03	83.8
Increase of expenditures total, including:	402 302.0	561 185.4	158 883.4	100.0	139.5
Higher bodies of public administration, bodies of local authorities and local self-government, financial and foreign-political activities; other general functions of public administration	13 193.4	15 360.8	2 167.3	1.4	116.4
Debt servicing	47 976.7	84 505.4	36 528.6	23.0	176.1
Defense	27 363.4	52 005.0	24 641.6	15.5	190.1

Names of indicators as per functional classification of expenditures and lending	Executed in 2014, UAH mn	Executed in 2015, UAH mn	Change of indicator (+/-) of 2015 vs. 2014, UAH mn	Structure of growth of expenditures in 2015 vs. 2014, %	Rate of growth of expenditures in 2015 vs. 2014, %
Public order, security, and judiciary	44 619.0	54 601.3	9 982.3	6.3	122.4
Transport	14 428.9	23 104.2	8 675.3	5.5	160.1
Environmental protection	2 597.0	4 053.0	1 455.9	0.9	156.1
Physical culture and sport	2 452.2	3 647.5	1 195.3	0.8	148.7
Higher education	25 528.2	27 951.3	2 423.1	1.5	109.5
Social protection of pensioners	75 813.9	94 811.6	18 997.7	12.0	125.1
Assistance in resolving the housing problem	447.6	1 434.5	986.9	0.6	320.5
Social protection of other population categories	2 503.3	5 073.8	2 570.5	1.6	202.7
Other sectors of the economy	2 819.2	5 070.1	2 250.9	1.4	179.8
Other economic activities, including other activities in healthcare and social protection	3 408.3	5 335.4	1 927.2	1.2	156.5
Inter-budget transfers	130 600.9	173 980.0	43 379.1	27.3	133.2
Other increase of expenditures	8 549.8	10 251.5	1 701.7	1.0	119.9

EXPENDITURES BY ECONOMIC CLASSIFICATION

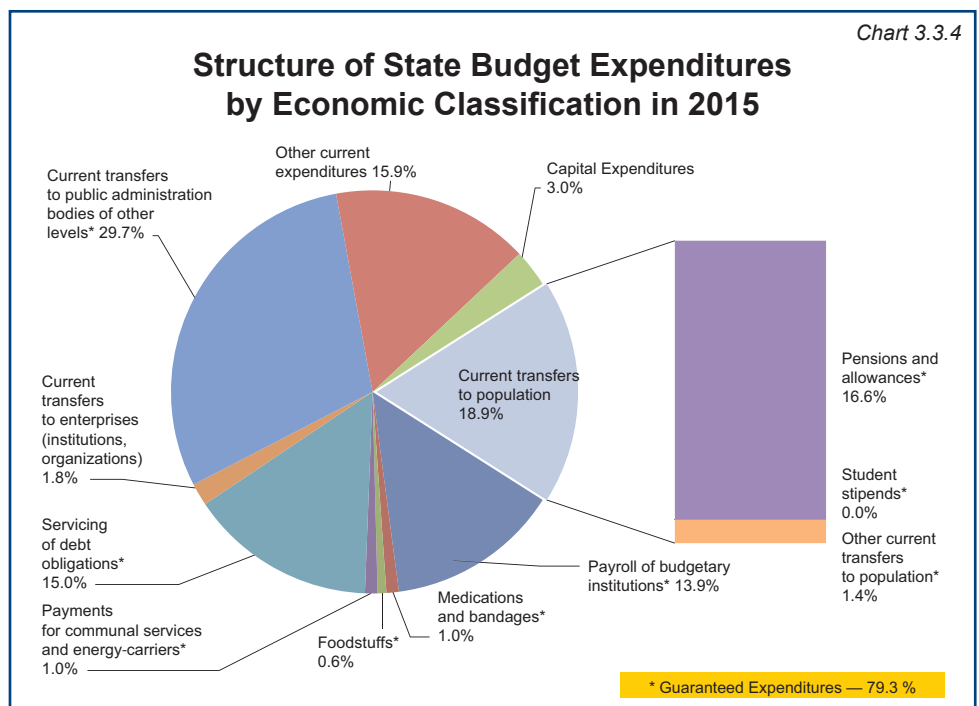
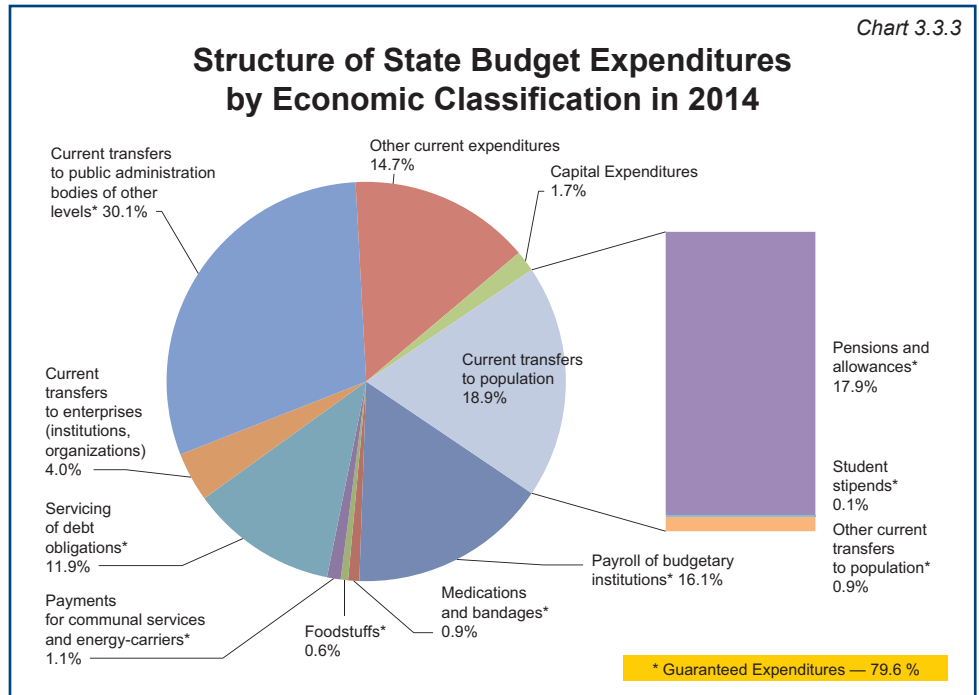
As seen from the data in Table 3.3.5, growth occurred for nearly all the items of current expenditures. As in 2014, there was a reduction of expenditures for subsidies and current transfers to enterprises (institutions, organizations) (by 40.7%). It is because of this that the share of current expenditures decreased by 1.3ppt in the total amount of expenditures to 97.0%. It should be noted that for protected expenditure items, only the expenditures for the payment of student stipends decreased (by 84.2%).

Table 3.3.5

State Budget Expenditures (with Inter-Budget Transfers) by Economic Classification in 2013–2015

Expenditures by economic classification	2013			2014			2015		
	Plan, UAH mn	Actual, UAH mn	Execution, %	Plan, UAH mn	Actual, UAH mn	Execution, %	Plan, UAH mn	Actual, UAH mn	Execution, %
Current expenditures	403 147.4	385 611.8	95.7	445 430.6	422 825.5	94.9	573 658.7	559 367.9	97.5
Payroll of the staff of government-funded institutions	48 790.7	48 632.7	99.7	59 948.7	52 553.9	87.7	61 677.2	61 023.7	98.9
Taxes on payroll	15 817.8	15 681.0	99.1	16 923.3	16 729.4	98.9	19 135.7	18 829.8	98.4
Medicines and bandaging materials	3 730.8	3 625.1	97.2	4 012.4	3 886.9	96.9	5 838.0	5 613.1	96.1
Foodstuffs	1 965.5	1 923.9	97.9	2 597.6	2 490.6	95.9	4 352.7	4 303.2	98.9
Payment for communal services and energycarriers	5 629.4	5 330.3	94.7	5 030.2	4 615.3	91.8	5 904.0	5 577.7	94.5
Servicing of debt obligations	35 226.9	34 409.3	97.7	51 582.5	51 018.2	98.9	88 367.9	86 808.4	98.2
Subsidies and current transfers to enterprises (institutions, organizations)	20 576.9	19 268.8	93.6	18 934.9	17 111.3	90.4	11 934.3	10 138.9	85.0
Current transfers to public administration bodies at other levels	117 513.6	113 227.7	96.4	134 457.1	129 523.0	96.3	172 904.3	171 347.5	99.1
Social security, including:	88 535.5	88 404.2	99.9	87 919.7	81 492.1	92.7	104 434.9	104 051.7	99.6
• <i>payment of pensions and allowances</i>	84 508.9	84 505.8	100.0	83 076.6	77 148.9	92.9	95 928.3	95 882.2	100.0
• <i>student stipends</i>	294.9	294.2	99.8	282.2	274.4	97.2	46.2	43.3	93.7
• <i>other current transfers to the population</i>	3 731.7	3 604.2	96.6	4 560.9	4 068.9	89.2	8 460.4	8 126.2	96.1
Other current expenditures	65 360.3	55 108.8	84.3	64 024.1	63 404.8	99.0	99 109.6	91 674.1	92.5
Capital expenditures, including:	29 584.1	17 844.2	60.3	15 720.4	7 283.3	46.3	25 318.3	17 480.4	69.0
Capital construction/acquisition	2 225.3	1 105.2	49.7	1 404.9	730.5	52.0	3 712.2	2 613.7	70.4
Capital repairs, reconstruction, and restoration	3 745.3	1 941.3	51.8	1 553.0	687.5	44.3	3 505.8	2 789.9	79.6
Capital transfers	18 453.8	10 719.7	58.1	8 524.4	2 792.0	32.8	10 661.0	5 862.2	55.0
Unallocated expenditures	199.4	0.0	0.0	1 391.6	0.0	0.0	586.4	0.0	0.0
Expenditures total (including interbudget transfers)	432930.9	403 456.0	93.2	462 542.6	430 108.8	93.0	7 439.2	6 214.6	83.5

The structure of State budget expenditures by economic classification changed somewhat compared to 2014 (see Chart 3.3.3 and Chart 3.3.4).



Current transfers to public administration bodies accounted for the largest proportion (27.2%) of the total amount of the increase of expenditures (UAH 153.7bn). The servicing of debt obligations accounts for 23.3% of the increase, other current expenditures 18.4%, social protection 14.7%, payroll with taxes 6.9%, capital expenditures 6.6%, foodstuffs 1.2%, medicines and bandaging materials 1.1%, and payment for communal services and energy-carriers 0.6%.

These changes have also raised the proportion of the respective expenditures in the total amount of expenditures.

The change in the structure of expenditures by economic classification is linked, among other things, to a significant increase in capital expenditures. They totaled UAH 17.5bn, which is UAH 10.2bn or 2.4 times more than in 2014. The level of their execution increased by 22.7ppt to 69.0%.

The share of current expenditures decreased by 97.0%, which occurred due to an increase in the share of capital expenditures by 1.3ppt.

The share of expenditures for protected items also decreased and amounted to 79.3% of all State budget expenditures. This, among other things, is due to the transfer of a significant number of educational and healthcare institutions to local budgets whose expenditures are incurred at the expense of subventions from the State budget (see section "Inter-Budget Transfers from the State Budget to Local Budgets" of this Quarterly Monitoring).

The execution of expenditures under protected items amounted to 98.9% of the 2015 annual plan, which is 4.5ppt more than in 2014.

EXPENDITURES BY PROGRAM CLASSIFICATION

The status of actual expenditures of the State budget of Ukraine by program classification in 2013-2015 is supplied in Appendix A.

There were 548 State budget programs implemented in 2015, which is 74 budget programs less than in 2014. Some 17 budget programs approved in the State budget of Ukraine for the total amount of UAH 5.4bn were not financed at all. 406 budget programs or 74.1% of those approved had the funding levels from 90.0% to 100.0%

The largest amounts of expenditures were incurred under the following budget programs of key spending units:

- *State debt servicing (UAH 84.5bn); State budget subvention to local budgets for payment of allowances to families with children, low-income families, persons disabled from birth, disabled children, temporary State allowances for children, and assistance for care over disabled persons of groups I or II as the result of psychiatric disorder (UAH 41.9bn); State budget subvention to local budgets for the provision of benefits and housing subsidies to the population for payment for electricity, natural gas, services of heating, water supply, and sewerage, apartment rent (maintenance of buildings and structures, and adjacent areas), removal of municipal waste and liquid waste (nearly UAH 18.0bn) of the Ministry of Finance of Ukraine;*

- *The grant for the payment of pensions, pension extras and supplements provided under various pension programs (UAH 63.1bn); Covering the deficit of the Pension Fund of Ukraine for the payment of pensions (UAH 31.8bn) of the Ministry of Social Policy of Ukraine;*

- *Education subvention from the State budget to local budgets (UAH 44.1bn); Training of personnel by higher educational institu-*

tions of accreditation levels III and IV, and providing for operation of their practice facilities (UAH 17.7bn) of the Ministry of Education and Science of Ukraine;

- Medical subvention from the State budget to local budgets (UAH 46.2bn) of the Ministry of Health of Ukraine;
- Providing for activities of the Ukrainian Armed Forces and training of troops (UAH 38.5bn) of the Ministry of Defense of Ukraine;
- The performance of debt obligations under the loans attracted by the State or under State guarantees for the development of public motor road network (UAH 17.6bn) of the State Motor Roads Agency of Ukraine;
- Ensuring the protection of rights and freedoms of citizens, society, and the State from unlawful encroachments, protection of public order, and counteraction to illegal migration (UAH 15.4bn) of the Ministry of Internal Affairs of Ukraine.

Those highest funded against the annual plan were programs of the following key spending units:

- The National TV and Radio Broadcasting Board of Ukraine — 100.0%;
- The National Academy of Arts of Ukraine — 100.0%;
- The Prosecutor General's Office of Ukraine — 99.9%;
- State Guards' Directorate of Ukraine — 99.9%.

The lowest levels of actual expenditures were programs of the following spending units:

- National Anti-Corruption Bureau of Ukraine — 26.5%;
- Ministry of Regional Development, Construction, and Housing and Communal Services of Ukraine — 54.4%.

Financing of expenditures of the National Corruption Prevention Agency did not start in 2015.

PROVISION OF BUDGET LOANS / REPAYMENT OF BUDGET LOANS

The amount of loans provided from the State budget totals UAH 7.2bn or 45.2% of the annual plan, and the amount of repaid loans totals UAH 4.3bn or 89.0%. The level of execution of the annual plan of lending decreased by 33.2ppt, and that of loan repayment, conversely, increased by 36.8ppt.

The lending and loan repayment indicators of the State budget of Ukraine in the last three years are summarized in Table 3.3.6.

Table 3.3.6

Budget Loan Provision and Repayment Indicators in 2013–2015

Years Indicators	2013			2014			2015		
	Annual plan, UAH mn	Actual, UAH mn	Execution, %	Annual plan, UAH mn	Actual, UAH mn	Execution, %	Annual plan, UAH mn	Actual, UAH mn	Execution, %
Lending, including:	2 548.7	477.5	x	5 130.2	4 919.4	x	11 189.9	2 950.9	x
– loan provision	14 655.1	6 000.0	40.9	8 573.26	6 717.54	78.4	16 018.14	7 248.00	45.2
– loan repayment	–12 106.4	–5 522.5	45.6	–3 443.08	–1 798.12	52.2	–4 828.27	–4 297.08	89.0

The most **loans** from the State budget were provided in the fields of economic activity (fuel and energy complex, road sector), housing and communal services, social protection and social security, including:

- to the Ministry of Energy and Coal Industry of Ukraine under the budget programs: *Reconstruction of PAT Ukrhydroenergo hydropower plants* — UAH 309.4mn; *Improving the reliability of electricity supply in Ukraine* — UAH 342.5mn; *Construction of 750kV overhead power line Rivne NPP — Kyivska* — UAH 1.7bn; *Construction of 750kV overhead power transmission line Zaporiz'ka-Kakhovska* — UAH 0.9bn;
- to the Ministry of Education and Science of Ukraine under the budget program *Provision of loans for construction / acquisition of housing for academic and teaching staff* — UAH 1.6mn;
- to the Ministry of Regional Development, Construction, and Housing and Communal Services of Ukraine under the budget programs: *Preferential State lending to individual rural developers for construction / reconstruction and purchase of housing* — UAH 53.7mn; *Development of municipal infrastructure and activities in the sector of district heating of Ukraine, development of water supply and sewerage system in the city of Mykolaiv, reconstruction and development of the system of municipal water economy in the city of Chernivtsi* — UAH 169.9mn;
- to the Ministry of Agrarian Policy and Food of Ukraine under the budget programs: *Provision of loans to private farms* — UAH 25.6; *The formation by the Agrarian Fund of the State Intervention Fund, as well as for procurement of material and technical resources for agricultural producers* — UAH 12.5mn;
- to the State Motor Roads Agency of Ukraine under the budget program *The development of main highways and road sector reform* — UAH 1.9bn;
- to the Ministry of Finance of Ukraine under the budget program *State's performance of guarantee commitments for the borrowers, which received loans under State guarantees* — UAH 1.8bn.

The repayment of loans mainly occurred under other economic activity, in the sectors of energy industry and agriculture.

The majority of loan repayment transactions occurred under the budget programs of the following key spending units:

- the Ministry of Finance of Ukraine under the budget programs *Repayment of interest-free budget loans provided to State-owned enterprise to repay arrears in wages* — UAH 0.1mn; *Repayment of interest-free budget loans provided in 2004 to State-owned enterprises in the fuel and energy complex, and in 2005 to coal industry enterprises and organizations for repayment of debt in wages to the staff* — UAH 0.2mn; *Repayment of loans provided for financing*

development projects against the funds attracted by the State — UAH 3.8bn; Repayment of budget funds provided on repayment basis for implementation of certain activities — UAH 22.5mn;

- *the Ministry of Energy and Coal Industry of Ukraine under the program Repayment of funds provided to the Ukrhidroelectro Public Joint Stock Company on a repayment basis for implementation of socioeconomic development projects — UAH 359.1mn;*

- *the Ministry of Agrarian Policy and Food of Ukraine under the programs: Repayment of the funds provided for the formation by the Agrarian Fund of the State Intervention Fund, as well as for procurement of materials and technical resources for agricultural producers — nearly UAH 3.0mn; Repayment of budget loans provided for procurement of agricultural produce under State order / contract in 1994-1997 — UAH 1.9mn; Repayment of funds provided to the Ministry of Agrarian Policy and Food of Ukraine for financial support of activities in the agribusiness complex based on financial leasing terms, as well as for procurement of brood heifers and cows, domestically-produced machinery and equipment for agribusiness, with the subsequent to agricultural enterprises based on financial leasing terms — UAH 3.8mn; Repayment of the loans provided from the State budget to farms — UAH 15.1mn; Repayment of funds with regard to reimbursement of the cost of agricultural machinery transferred to business entities under financial leasing terms — UAH 16.8mn; Funds to be received against repayment of debt on the loans attracted by the State or under State guarantees and provided for procurement of the agricultural machinery produced abroad and transferred to agricultural producers and other business entities — UAH 0.4mn;*

- *the Ministry of Economic Development and Trade of Ukraine under the program Repayment of micro-loans provided from the State budget to small businesses — nearly UAH 1.0mn;*

- *the Ministry of Education and Science of Ukraine under the program Repayment of funds provided from the State budget for lending to certain categories of citizens who are entitled to receiving such loans according to the current legislation for construction / acquisition of housing, and to academic and teaching employees, and late payment interest — UAH 1.5mn;*

- *the Ministry of Regional Development, Construction, and Housing and Communal Services of Ukraine under the programs: Repayment of loans provided from the State budget to young families and single young citizens for construction / reconstruction and purchase of housing, and late payment interest — UAH 32.4mn; Repayment of loans provided from the State budget to private rural developers for construction / reconstruction and purchase of housing — UAH 40.4mn.*

3.4. EXECUTION OF LOCAL BUDGETS IN 2015

LOCAL BUDGET REVENUES

According to the State Treasury of Ukraine, the **General Fund and Special Fund of local budgets (with inter-budget transfers)** received UAH 294.4bn in 2015, which is UAH 27.1% or UAH 67.8bn more than in 2014.

The amount without inter-budget transfers totaled UAH 120.5bn, which is UAH 19.4bn or 19.2% more than in 2014.

This amount equals 122.4% of the annual revenue plan approved by local councils. It also equals 111.1% of the annual estimate set by the Ukrainian Ministry of Finance.

The actual intake of local budget revenues is characterized by the data presented in Table 3.4.1.

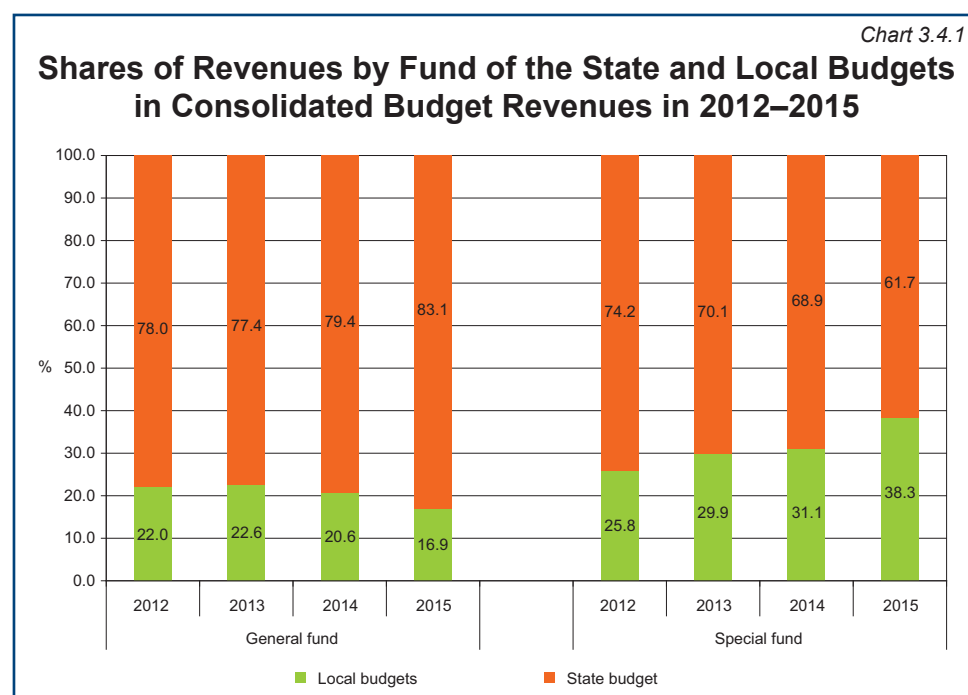
Table 3.4.1

Intake of Local Budget Revenues (without Inter-Budget Transfers) in 2013–2015

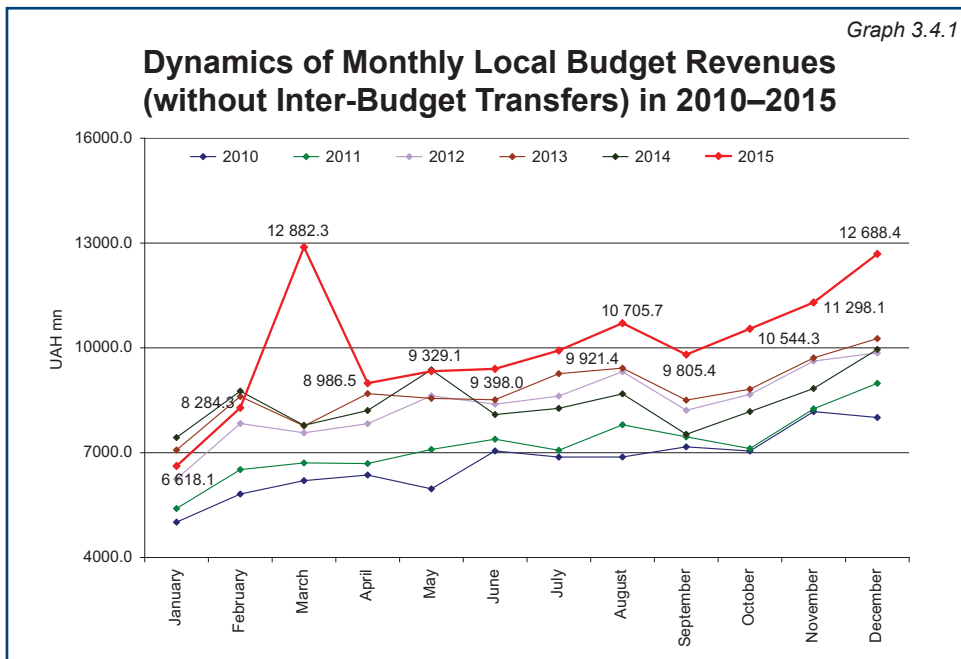
Revenues	Actual in 2013	Actual in 2014	MOF 2015 estimates	Approved by local councils for 2015	Actual in 2015	Execution of MOF estimates, %	Execution of plans approved by local councils, %
Total, UAH mn, including:	105 171.1	101 087.6	108 458.3	98 434.7	120 461.7	111.1	122.4
– General Fund	84 892.1	80 230.1	89 411.7	89 411.7	101 574.7	113.6	113.6
– Special Fund	20 279.0	20 857.5	19 046.6	9 023.1	18 887.0	99.2	209.3

The share of local budget revenues in the consolidated budget amounted to 18.5% (which is 3.7ppt less than in 2014). Also, changes occurred in the revenue structure by budget fund (see Chart 3.4.1).

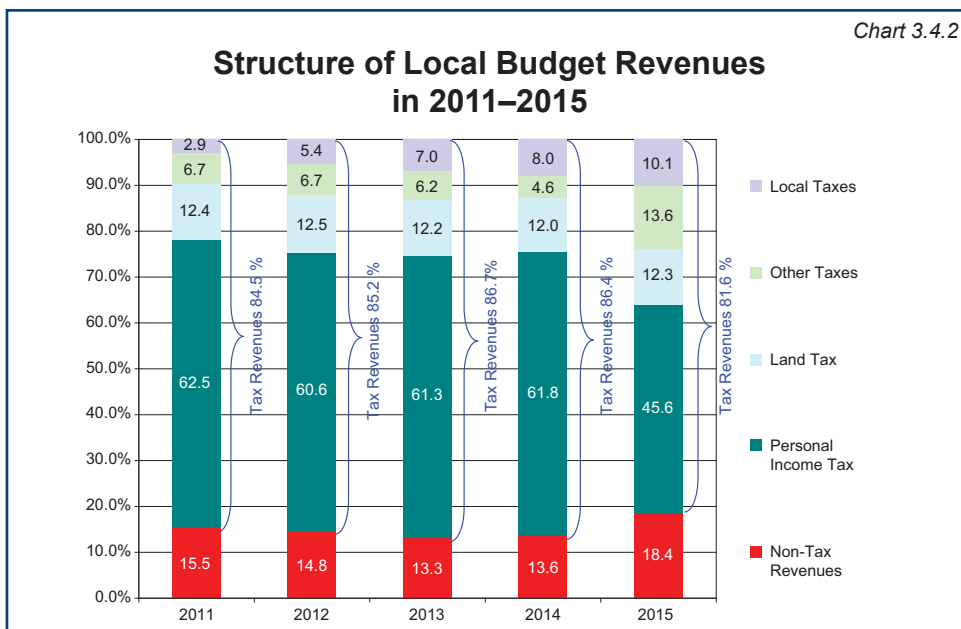
Chart 3.4.1



The dynamics of monthly local budget revenues was in general similar to the trends of recent years, except for a peak of revenue in March (see Graph 3.4.1).



The structure of local budget revenues underwent significant changes, primarily due to the partial crediting of the revenues from personal income tax to the State budget at 25% of the tax collected in the respective territory of Ukraine, and at 60% of that collected in the territory of the city of Kyiv. This has led to a 17.0ppt decrease in the share of this tax, from 61.5% to 44.5%. This also led to a reduction of the share of tax revenues in general by 5.7ppt to 80.8%. Other changes that influenced the structure of revenues included the remittance of 10% of the enterprise profit tax to local budgets and the launch of the administration of excise taxes at the local level (see Chart 3.4.2).



TAX REVENUES

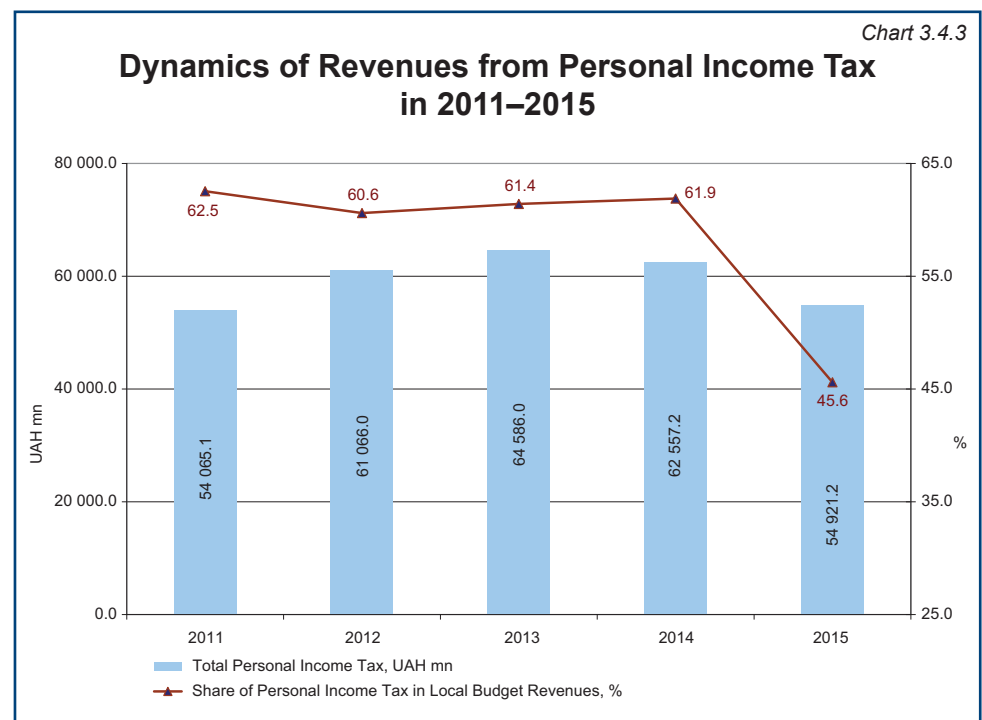
In 2015, local budgets received UAH 98.2bn in **tax revenues**, which is UAH 10.9bn or 12.5% more than in 2014. As mentioned above, their share in the general structure of local budget revenues decreased significantly due to the redistribution of revenues between the State and local budgets since the beginning of 2015, in particular, via the partial transfer of revenue from the personal income tax to the State budget, as well as the introduction of local excise taxes.

This amount equals 113.3 of the annual plan for revenue. As expected by IBSER, the annual plan was exceeded for all key tax sources of local budget revenues: personal income tax, excise tax on retail sale of excisable goods by business entities, fee for the use of natural resources, enterprise profit tax, land rent payable by legal entities, single tax, and others. The ecological tax was the only tax source that generated less revenue than planned (95.1% of the annual plan).

PERSONAL INCOME TAX

The personal income tax, despite a significant portion of it being redirected to the State budget, continues to be the single most important source of local budget revenues at 45.6%. This tax generated UAH 54.9bn in revenue, which is UAH 7.6bn or 12.2% less year-on-year.

The dynamic of proceeds from the personal income tax is shown in Chart 3.4.3.

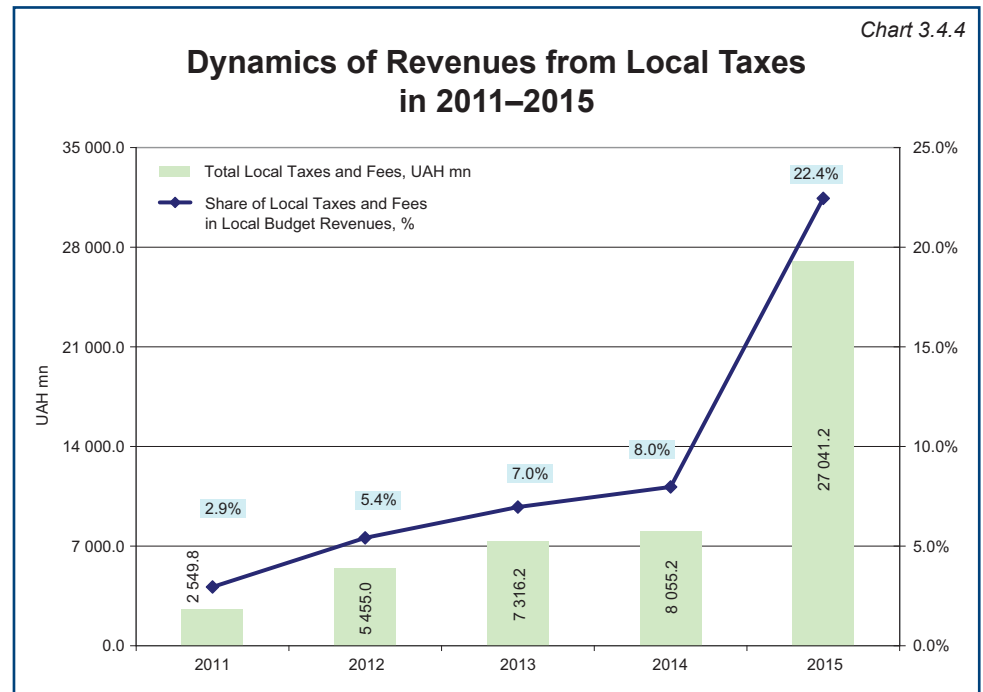


EXCISE TAX ON RETAIL SALE OF EXCISABLE GOODS

The **excise tax on the retail sale of excisable goods** was introduced as another source of local budget revenues in 2015. This source generated UAH 7.7bn or 6.4% of all local budget revenues.

LOCAL TAXES AND FEES

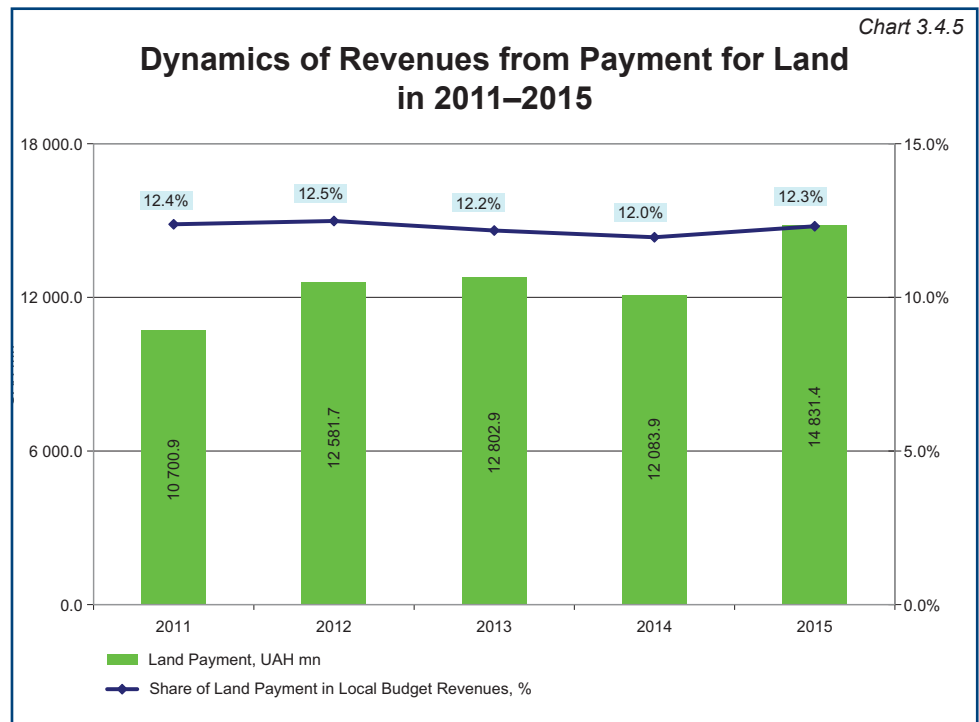
Starting in 2015, **local taxes and fees** also comprise taxes on property, including the payment for land. As the result, local taxes and fees have become the second largest source of local budget revenues. With the taxes on property and the single tax, their share in the overall structure of local budget revenues reached 22.4%, and the amount reached UAH 27.0bn (see Chart 3.4.4).



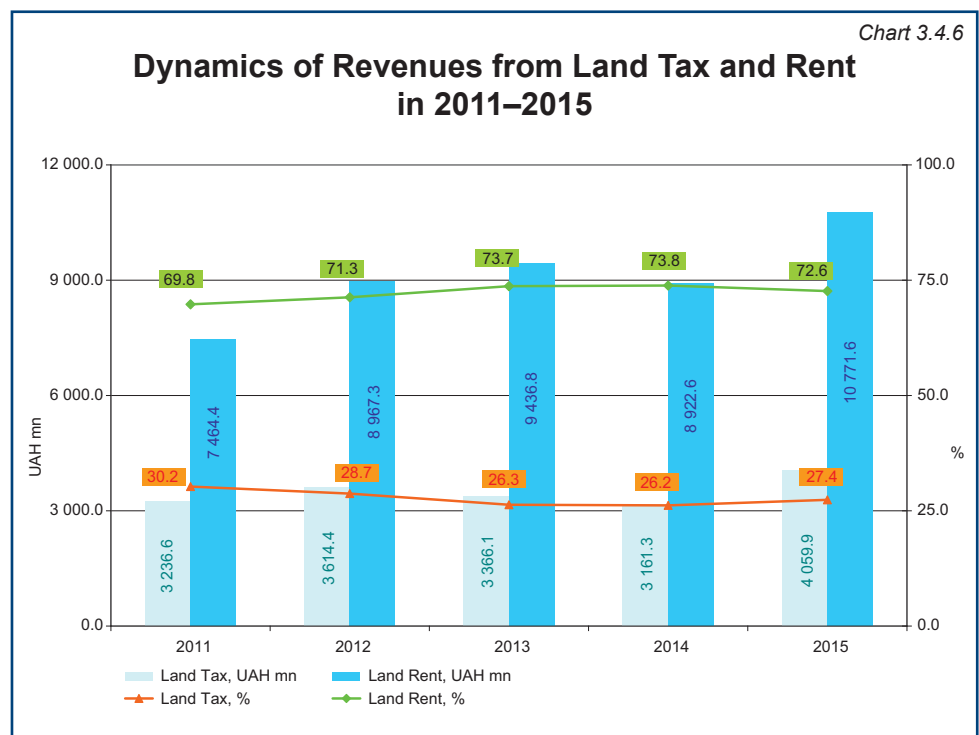
PAYMENT FOR LAND

The **payment for land**⁹ is the largest source of local tax revenue in terms of volume and the second largest tax source for local budgets in general. This source generated UAH 14.8bn, which is 22.7% more than in 2014 (see Chart 3.4.5).

⁹ After categorizing the payments, which had been referred to as "payment for land" before 2015, as local taxes, the former term is no longer used officially. Therefore, its use here is due to the considerations of bringing the data to the comparable conditions and since this term was used in previous periods.

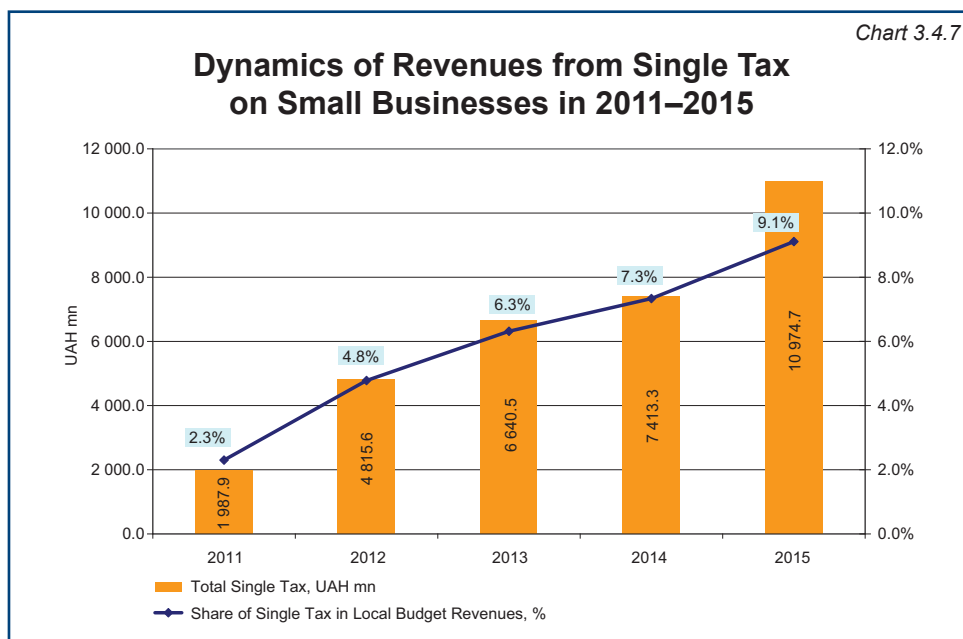


For the first time in the last five years, the share of land rent decreased and the share of land tax accordingly increased by 1.2ppt in 2015 (see Chart 3.4.6).



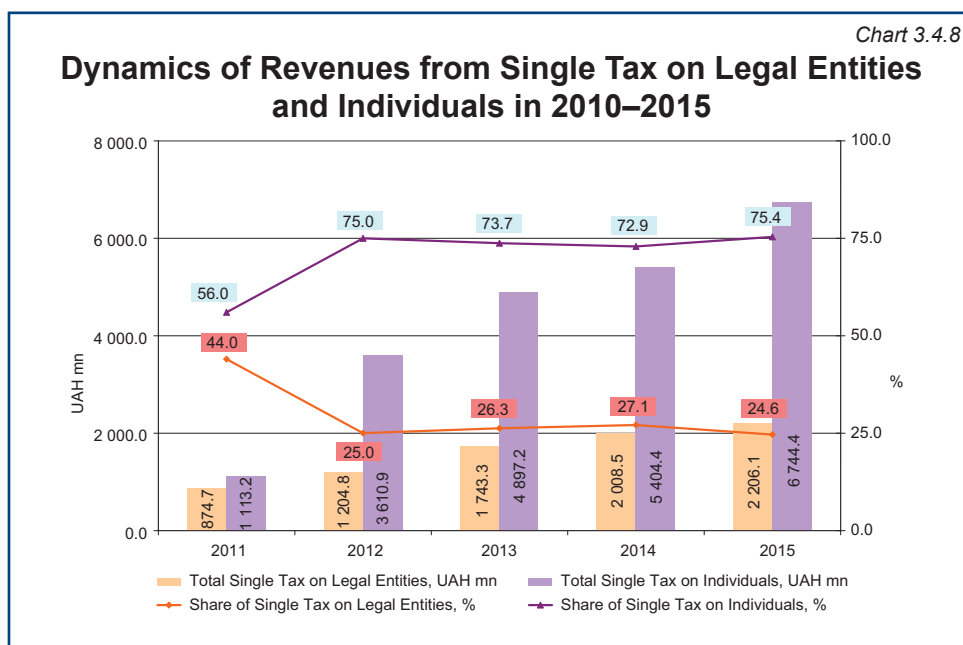
SINGLE TAX ON SMALL BUSINESSES

The single tax was the second most important component of local taxes and fees. It generated UAH 11.0bn of revenue, or 48.0% more than in 2014 (see Chart 3.4.7). This growth mainly occurred thanks to an increase in the number of taxpayers, including individual entrepreneurs and small business entities. Another reason behind the increase of revenues from this source involved the inclu-



sion in this tax of the tax on agricultural producers whose agricultural production was equal to or exceeded 75% of operations in the previous tax / reporting year. The fixed agricultural tax, the amount of which was insignificant at UAH 122.2mn in 2014, was the equivalent of this tax in previous periods.

Shown in Chart 3.4.8 is the dynamics of revenues from the single tax on legal entities and individuals.

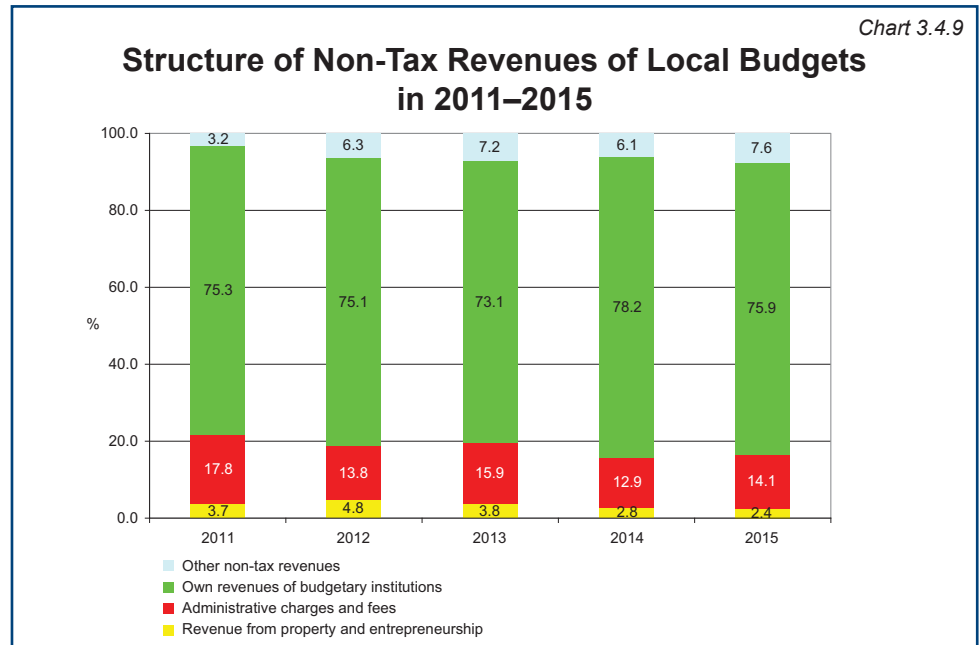


NON-TAX REVENUES

The non-tax revenues of local budgets totaled UAH 20.1bn, which is 64.4% more than in 2014.

The shares of own-source revenues of government-funded institutions and income from property and business activity in the structure of non-tax revenues decreased by 2.3ppt and 0.4ppt, respectively. At the same time, the shares of two other components

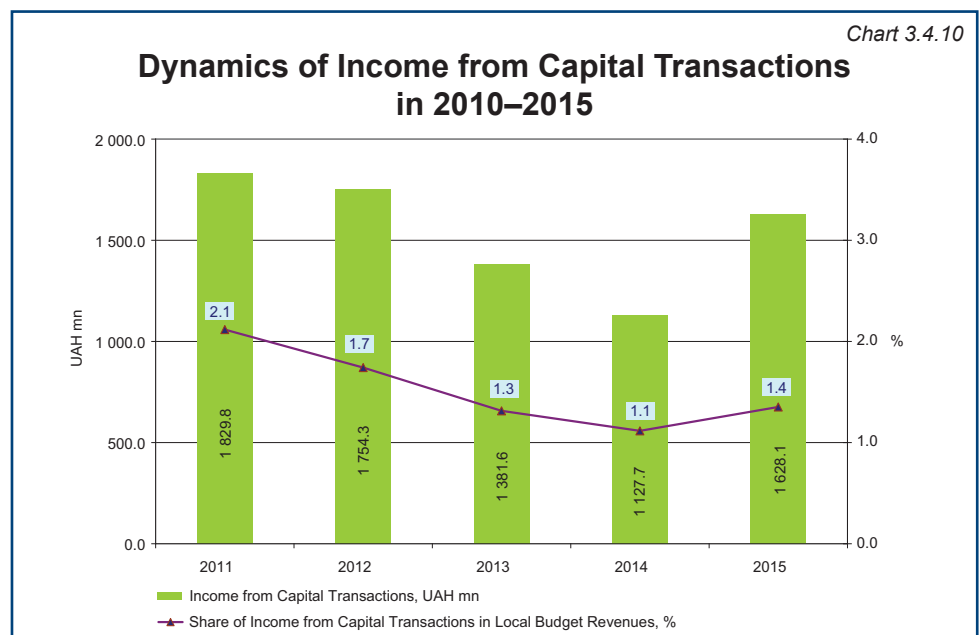
increased: the administrative charges and fees increased by 1.2ppt, and other non-tax revenues by 1.5ppt (see Chart 3.4.9).



As usual, the own-source revenues of government-funded institutions was the single largest item of non-tax revenues of local budgets. They totaled UAH 15.3bn, which is UAH 5.7bn or 59.5% more year-on-year.

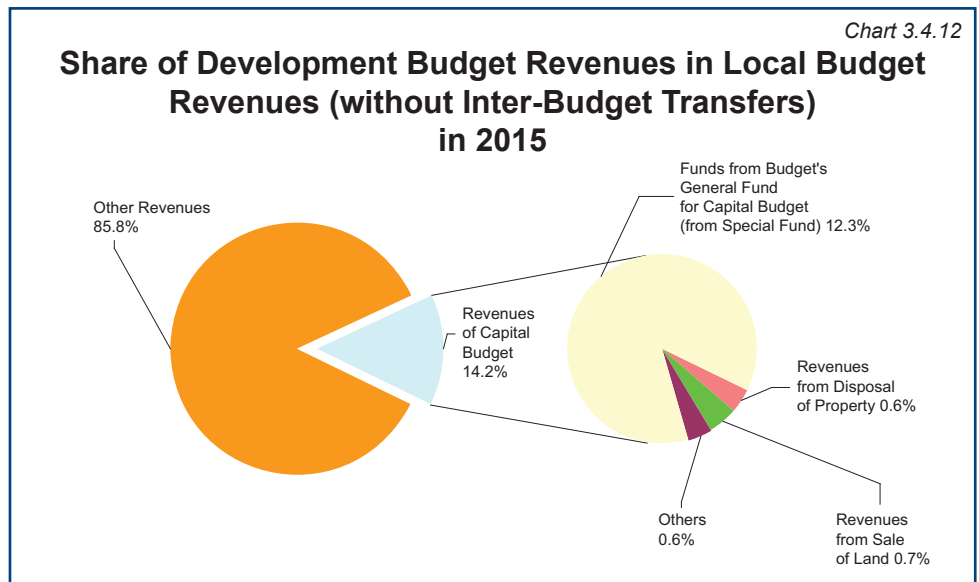
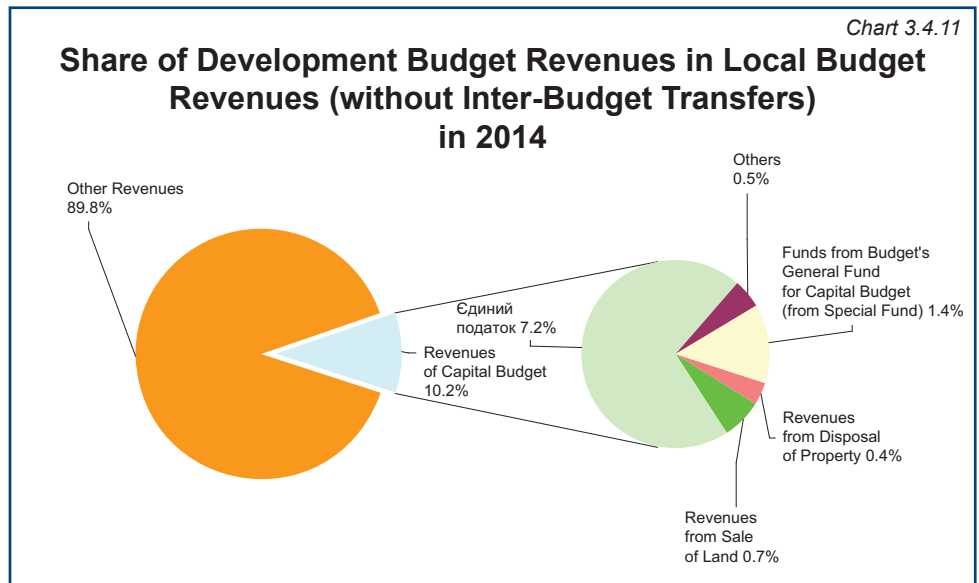
INCOME FROM CAPITAL TRANSACTIONS

The income from capital transactions increased somewhat in 2015 compared to 2014. It amounted to UAH 1.1bn, which is 29.8% more than in 2014. However, the share of income from capital transactions in the local budget revenues remained virtually unchanged at 1.3% (see Chart 3.4.10).



DEVELOPMENT BUDGET

The development budget revenues of local budgets (including the funds received from the General Fund of the budget into the development budget) totaled UAH 23.3bn in 2015, which is nearly triple the 2014 figure. The exclusion of the single tax from the list of development budget sources, which accounted for 66.7% of all development budget revenues in 2014, was compensated by the funds received from the General Fund of the budget into the development budget (see Chart 3.4.11 and Chart 3.4.12).



The funds received from the General Fund of the budget were the main source of development budget revenues at 89.9% of total development budget revenues.

Other significant revenue sources included proceeds from the sale of land (UAH 888.4mn or 3.7%) and from the disposal of municipal property (UAH 725.1mn or 3.0%).

Other types of revenues accounted for 3.4% of all development budget revenues of local budgets.

LOCAL BUDGET EXPENDITURES

The amount of local budget expenditures (with the funds transferred from local budgets to the State budget) totaled UAH 280.1bn, which is 24.1% more than in 2014.

The amount of local budget expenditures (without the funds transferred from local budgets to the State budget) totaled UAH 276.9bn, which is 23.9% more than in 2014. The level of execution of the plans approved by local councils for 2015 amounted to 94.0%, with 96.0% of planned General Fund expenditures covered, and 84.8% for Special Fund expenditures.

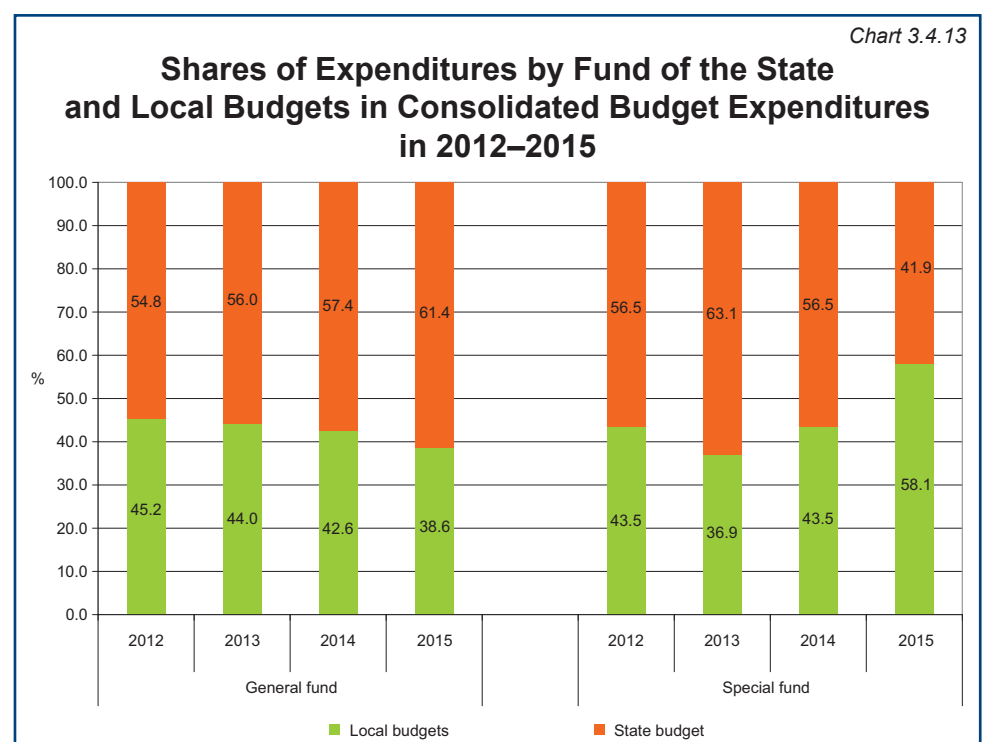
The execution of local budget expenditures is characterized by the data presented in Table 3.4.2.

Table 3.4.2

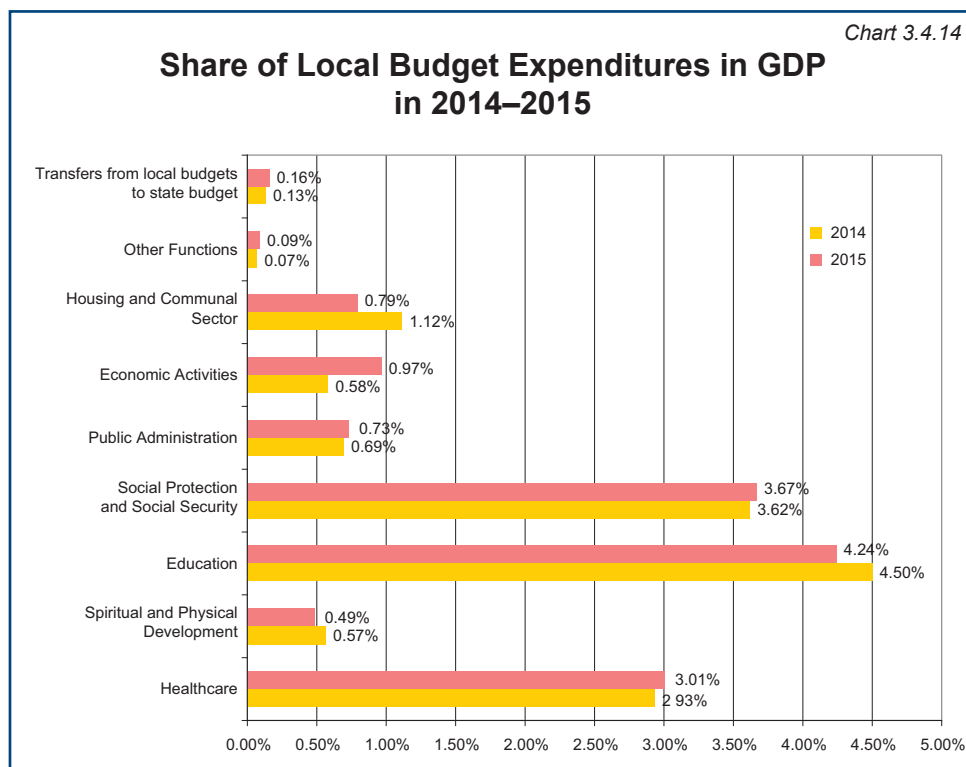
Local Budget Expenditures (without the Funds Transferred from Local Budgets to the State Budget) in 2013–2015

Expenditures	Actual in 2013	Actual in 2014	MOF 2015 estimates	Approved by local councils for 2015	Actual in 2015	Execution of MOF estimates, %	Execution of plans approved by local councils, %
Total, UAH million, including:	218 236.1	223 496.7	260 277.0	294 447.4	276 925.2	106.4	94.0
– General Fund	194 900.9	188 765.1	249 702.7	243 101.2	233 359.8	93.5	96.0
– Special Fund	23 335.2	34 731.6	10 574.3	51 346.2	43 565.4	412.0	84.8

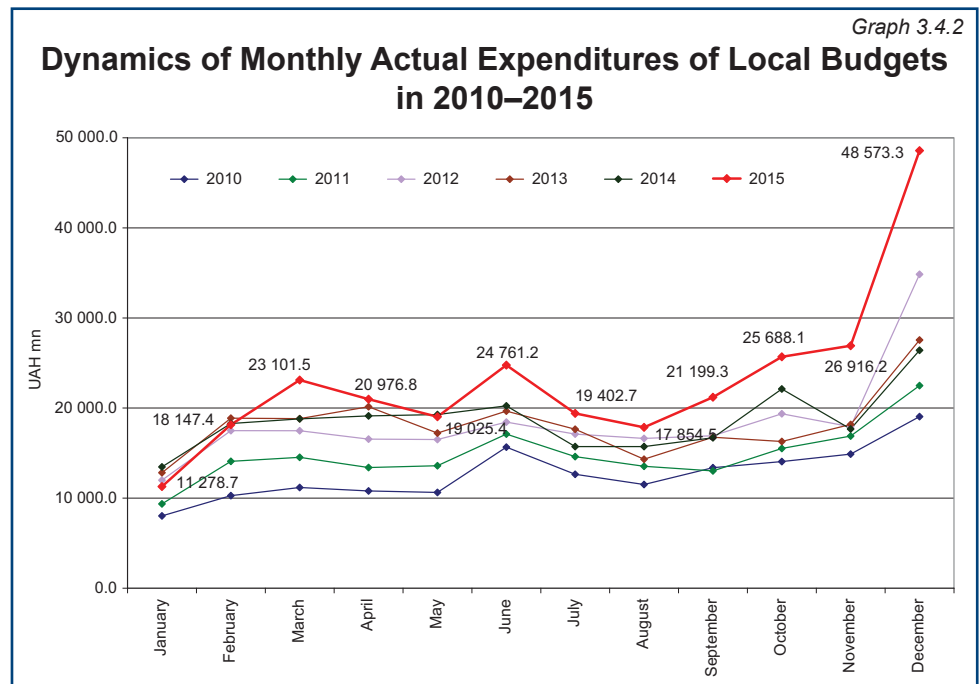
The share of local budget expenditures in the consolidated budget amounted to 40.7%, which is 2.0ppt less than in 2014. Also, the share of General Fund expenditures decreased by 4.0ppt against the respective period of last year and amounted to 38.6%, and the share of Special Fund expenditures increased by 14.6ppt to 58.1 (see Chart 3.4.13).



According to the 2015 data, the level of GDP redistribution via local budgets of Ukraine amounts to 13.99%, which is 0.09ppt less than the 2014 figure. The highest growth of this indicator was in the expenditures for economic activity (+0.39ppt). The largest reduction of the share occurred in the expenditures for housing and communal services (by 0.33ppt) and for education (by 0.26ppt) (see Chart 3.4.14).



The nature of monthly changes in the amounts of local budget expenditures was on the whole similar to the dynamics of 2014 (see Graph 3.4.2). At the same time, the amount of expenditures grew significantly in March on a year-on-year basis. This growth occurred due to an increase of Kyiv city budget expenditures resulting from inventory transactions regarding the land occupied by city's medical institutions. Such transactions are simultaneously reflected as both revenues (own-source revenues of government-funded institutions) and incurred expenditures. It is because of this that the amounts of actual revenues and expenditures of local budgets were increased by over UAH 3.0bn. Also, local budget expenditures spiked in June as usual, due to the disbursement of vacation pay to educators and personnel in other sectors. An expected growth in expenditures occurred at the end of 2015. However, its rate was higher than in previous years.



GENERAL FUND AND SPECIAL FUND

The amount of **General Fund expenditures** of local budgets totaled UAH 233.4bn. It increased by 23.6% year-on-year. The annual plans approved by local councils were implemented by 96.0%, which is 7.3ppt below the 2014 figure.

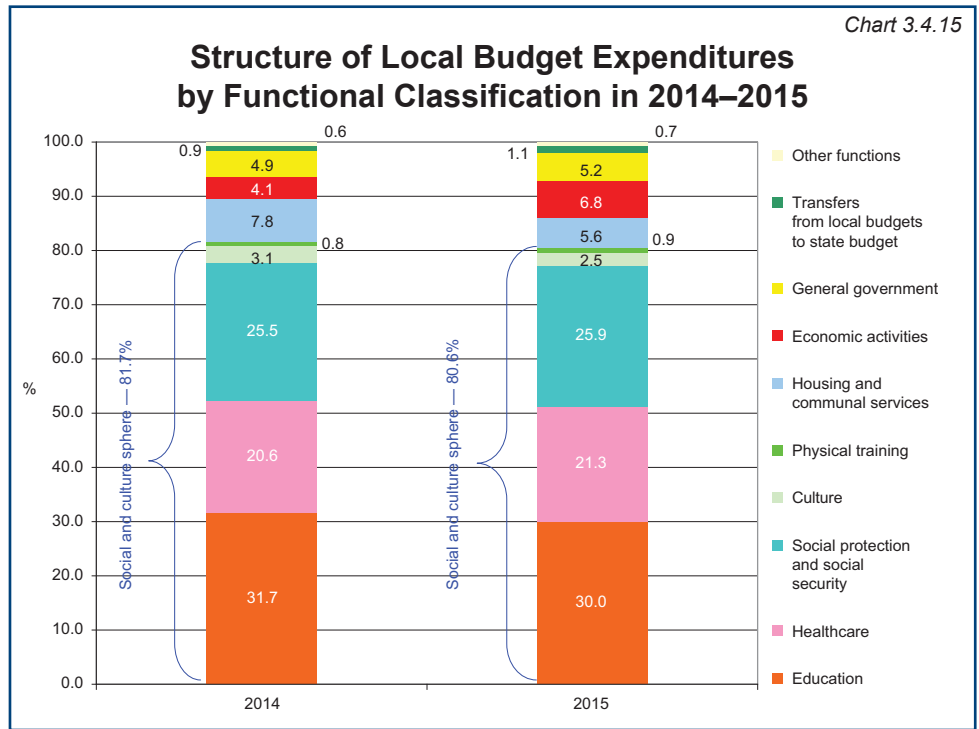
Expenditures of the Special Fund of local budgets were financed at the amount of UAH 43.6bn, which is 25.4% more year-on-year. This amount equals 84.8% of the annual targets approved by local councils, which is 18.0ppt more than in 2014.

STRUCTURE OF EXPENDITURES BY FUNCTIONAL CLASSIFICATION

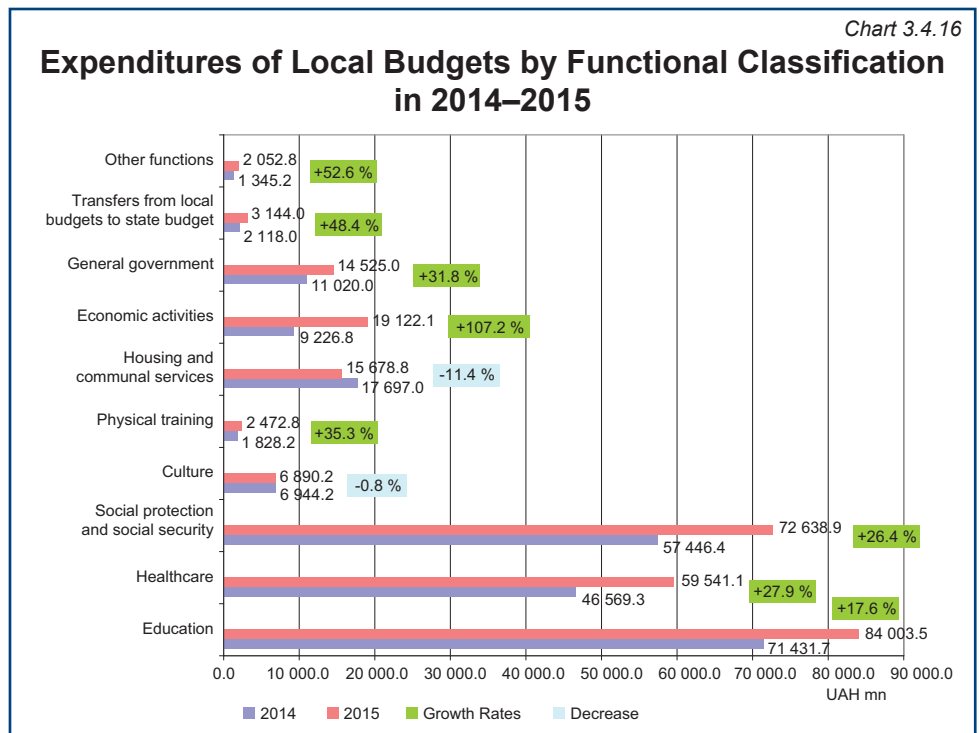
The majority of local budget expenditures are normally used in the social and cultural sector (education, healthcare, social protection and social security, culture and arts, physical culture and sport). In the reporting period, the aggregate of these expenditures amounted to 80.6% in the structure of local budget expenditures, which is 1.1ppt less year-on-year (see Chart 3.4.15).

In the structure of local budget expenditures by functional classification, the most significant changes occurred in expenditures for economic activity, whose share increased by 2.7ppt to 6.8%. Their amount reached nearly UAH 19.1bn, and growth occurred in virtually all items of local budget expenditures allocated for economic activity.

The shares of expenditures for social protection and social security and healthcare increased slightly (by 0.4ppt and 0.7ppt, respectively). The shares of expenditures for education and culture and arts decreased by 1.7ppt and 0.6ppt, accordingly.



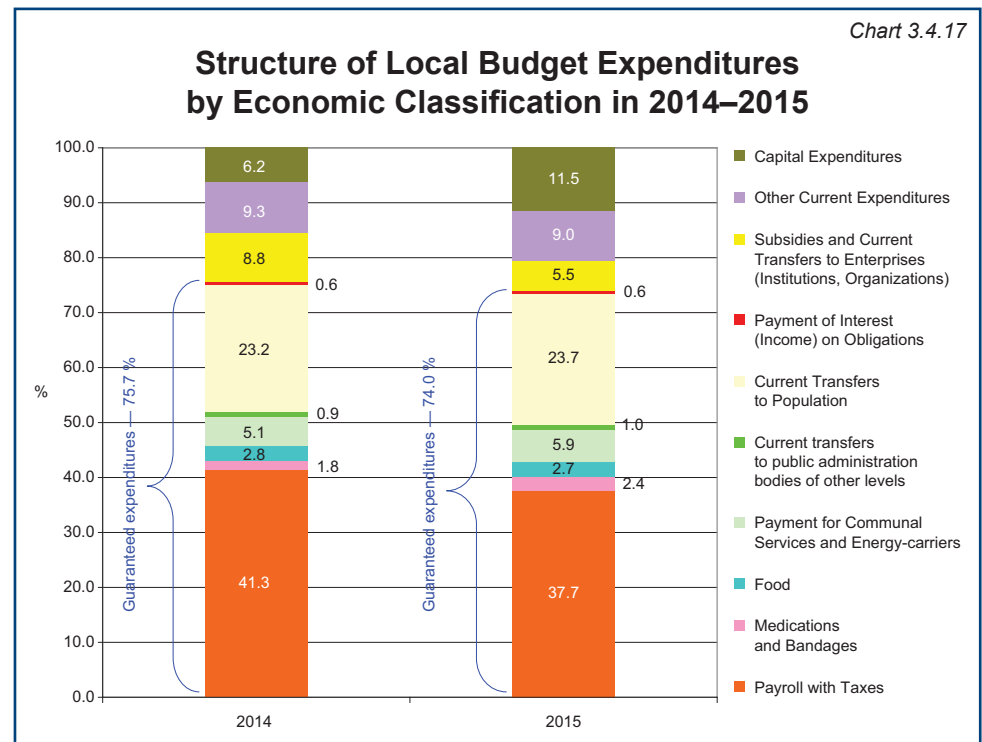
At the same time, the total expenditures for the social and cultural sector grew by 22.4% to UAH 225.5bn. Expenditures for education were the largest among this category of expenditure, at UAH 84.0bn (or 30.0% of all local budget expenditures), followed by social protection and social security at UAH 72.6bn (or 25.9%), and healthcare at UAH 59.5bn (or 21.3%) (see Chart 3.4.16).



Expenditures for public administration were funded at UAH 14.5bn, which is 31.8% more than in 2014. Also, their share in the structure of local budget expenditures increased by 0.3ppt to 5.2%.

STRUCTURE OF EXPENDITURES BY ECONOMIC CLASSIFICATION

In terms of economic classification, 74.0% of all local budget expenditures were protected items, which is 1.7ppt less than in 2014 (see Chart 3.4.17).

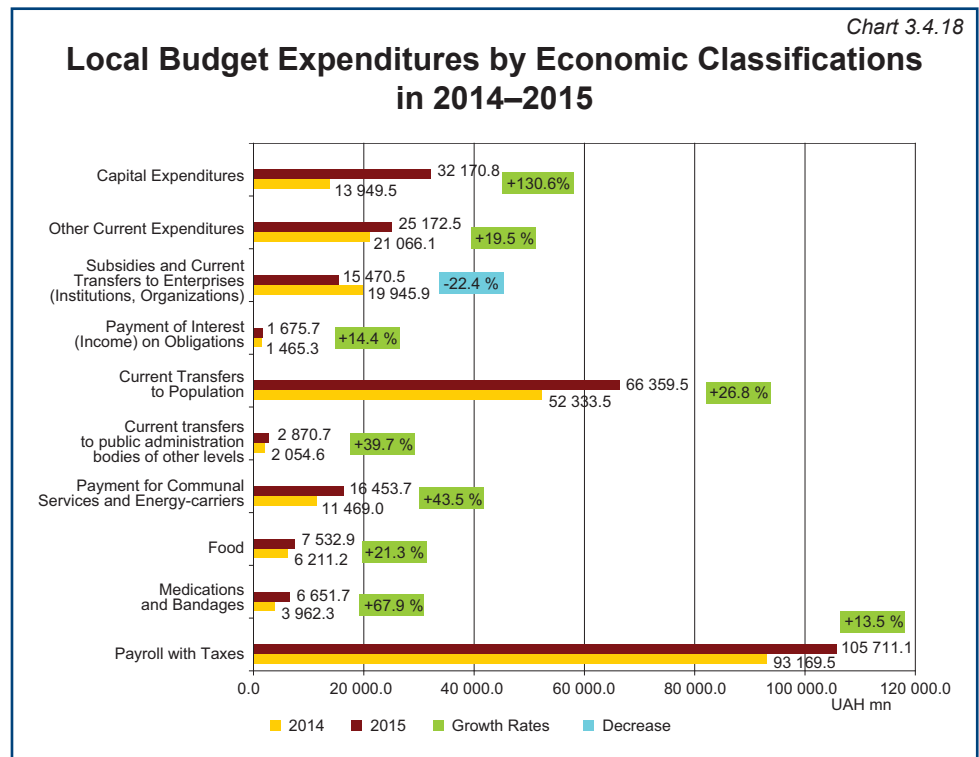


The share of expenditures for payroll with taxes is customarily the largest from among all local budget expenditures. This share decreased compared to 2014 and amounted to 37.7% (41.3% in 2014). However, the amount of such expenditures increased by UAH 12.5bn (by 13.5%) to more than UAH 105.7bn.

The next largest share of local budget expenditures falls on the current transfers to the populace for social security at 23.7%, which is 0.5ppt more than in 2014.

The share of local budget expenditures related to payment for communal services and energy increased somewhat (by 0.8ppt to 5.9%).

In general, the current expenditures of local budgets totaled UAH 247.9bn, which is 17.1% more than in 2014. Capital expenditures were funded at UAH 32.2bn and their amount increased by UAH 18.2bn or 2.3 times (see Chart 3.4.18).



INTER-BUDGET TRANSFERS FROM STATE BUDGET TO LOCAL BUDGETS

According to the State Treasury of Ukraine, **inter-budget transfers from the State budget to local budgets** totaled UAH 174.0bn in 2015, which amounts to 98.6% of the annual plan. Of those, the General Fund of local budgets received 99.1% of the annual plan, and Special Fund received 48.9% of the planned annual amount.

The status of remittance of State budget transfers to local budgets is characterized by the data presented in Table 3.4.3.

Table 3.4.3

Inter-Budget Transfers from State Budget to Local Budgets in 2013–2015

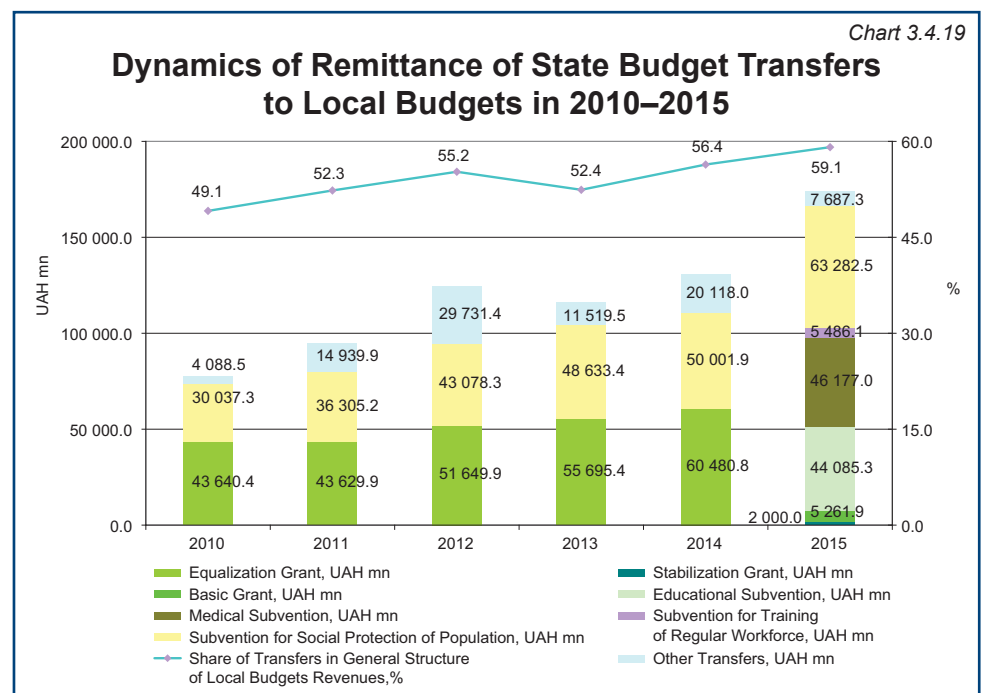
Inter-budget transfers	Actual in 2013	Actual in 2014	Plan for 2015	Actual in 2015	Plan execution, %
Total, UAH mn, including:	115 848.3	130 600.7	176 403.8	173 980.0	98.6
– General Fund	113 116.1	116 782.3	174 802.1	173 196.8	99.1
– Special Fund	2 732.2	13 818.4	1 601.7	783.2	48.9

Inter-budget relations in 2015 are noted for their new model introduced by changes to the Budget Code of Ukraine enacted by the law of 28 December 2014, No. 79-VIII.

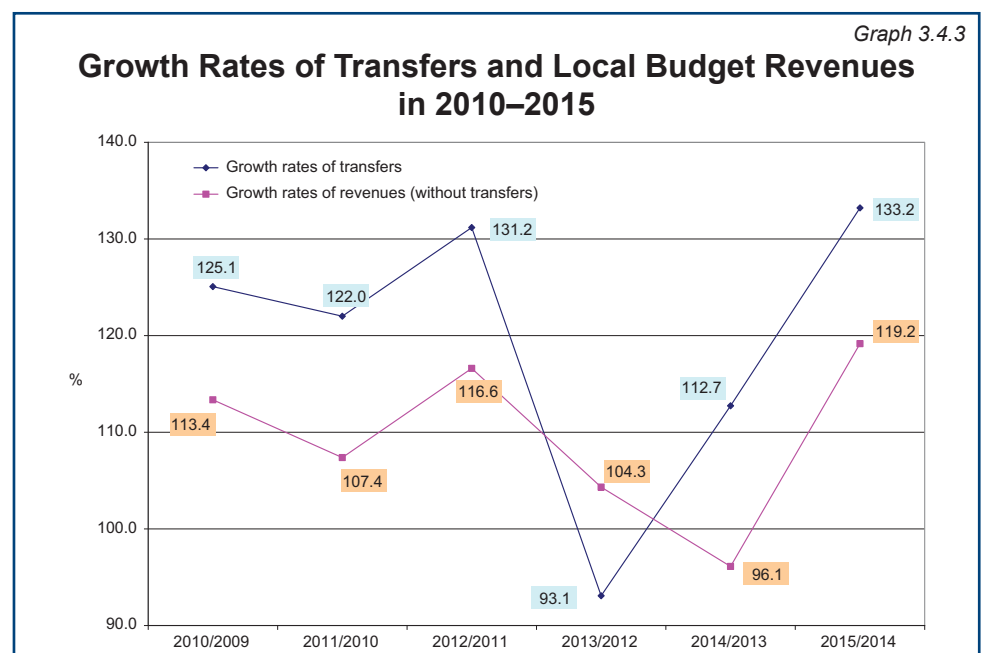
The key distinction of the new equalization system is the abolition of the equalization / withdrawal grant and the introduction of a basic / reverse grant, as well as subventions for education, the training of the regular workforce, medicine, supporting medical activities of certain State programs, and comprehensive activities of a programmatic nature.

These changes introduce a mechanism whereby the State — by handing over special transfers / subventions — assumes full responsibility for the financial provision of current expenditures of medical and educational institutions, which are within the scope of responsibilities of local budgets and make up a significant proportion of their expenditures.

With the abovementioned changes, the share of inter-budget transfers in the structure of local budget revenues increased by 2.7ppt to 59.1% (see Chart 3.4.19). Notably, nearly all the transfers received from the State budget were used in the social and cultural sector.



The amount of inter-budget transfers increased 33.2% against 2014. Their growth occurred mostly at a faster pace than that of local budget revenues (see Graph 3.4.3).



EQUALIZATION SYSTEM

The basic and reverse grants have been used for the horizontal equalization of taxpaying capacity of territories since 2015. The basic grant is a State budget transfer to local budgets, and the reverse grant is a transfer from local budgets to the State budget.

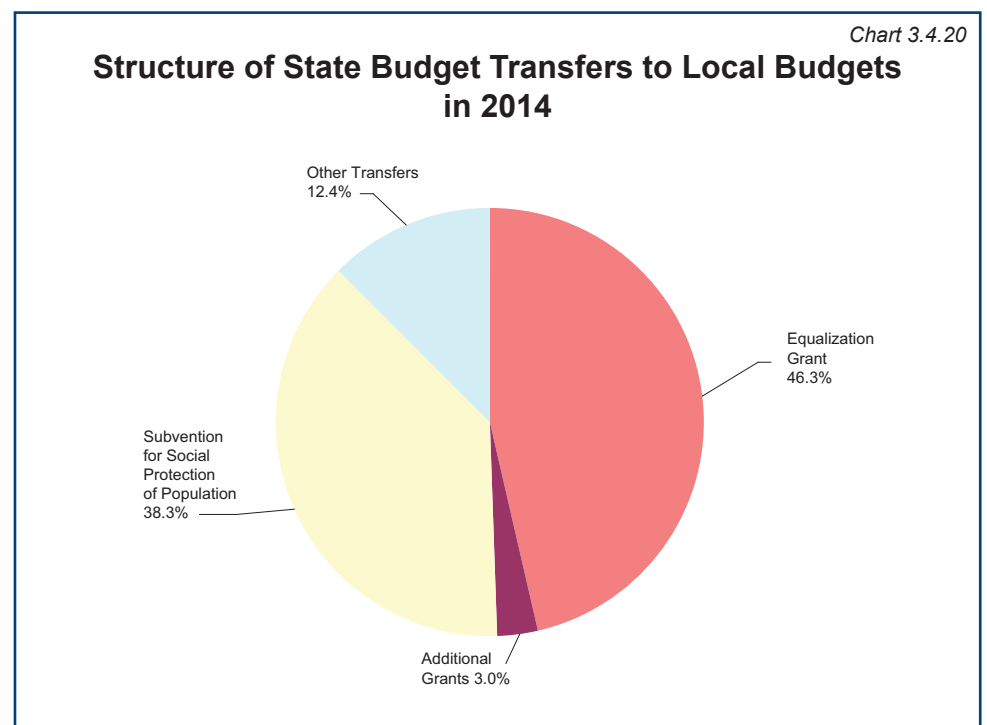
The new equalization system depends on the fiscal capacity index of the relevant budget calculated on a per capita basis. The average per capita level of such revenues for Ukraine of $\pm 10\%$ is used as a benchmark. If this level is exceeded by 10%, then 50% of surplus revenues are to be withdrawn to the State budget (reverse grant). In case of the opposite situation and the revenues being 10% below the average level, only 80% of the amount required for achieving this level will be compensated from the State budget.

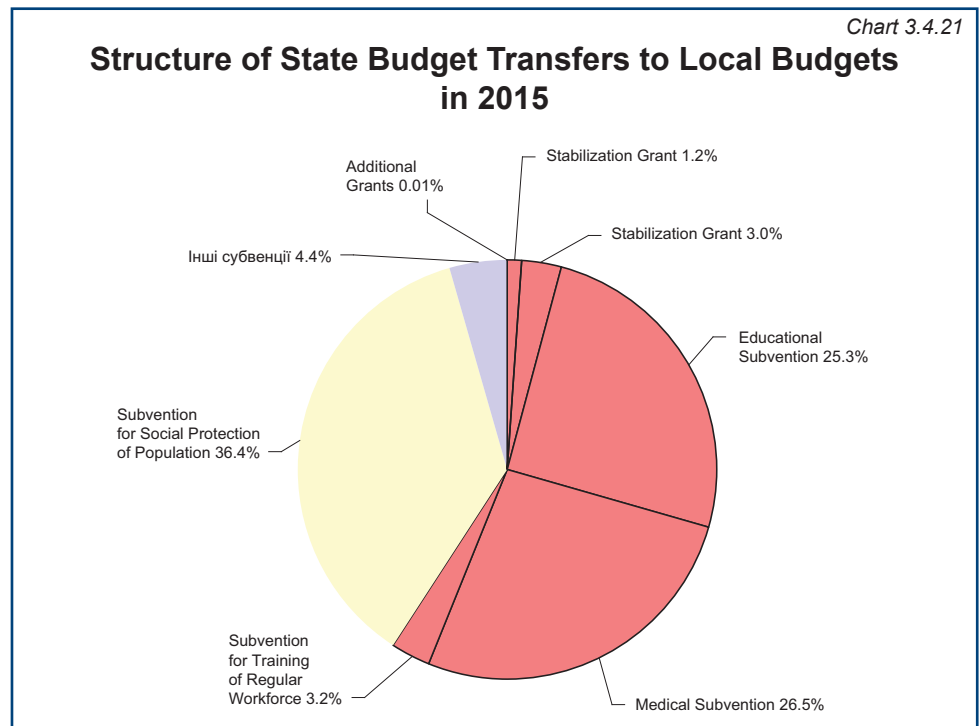
The horizontal equalization of the fiscal capacity of local budgets is implemented for personal income tax and enterprise profit tax separately. The remaining revenues of local budgets shall not be subject to equalization and shall remain at the full disposal of local governments.

The basic grant was remitted at the amount of UAH 5.3bn in the period under review. The State budget received UAH 2.7bn in **reverse grant** transfers.

STRUCTURE OF INTER-BUDGET TRANSFERS

The aggregate share of the basic grant, stabilization grants, and subventions for education medicine, and the training of the regular workforce amounted to 59.2% of the total amount of inter-budget transfers (equalization grant amounted to 46.3% in 2014) (see Chart 3.4.20 and Chart 3.4.21).





The amount of these grants and subventions rose 70.3% compared to the equalization grant amount in 2014.

As usual, subventions for the social protection of the populace make up a significant proportion in the structure of transfers. They amounted to 36.4% of all inter-budget transfers received from the State budget in 2015 (compared to 38.3% in 2014). Also, the amount of funds for these subventions increased 26.6% compared to the 2014 figure to UAH 63.3bn.

OTHER GRANTS

The Law of Ukraine "On the State Budget of Ukraine for the Year 2015" envisaged the funding of:

- the stabilization grant (the annual plan of UAH 2.0bn) — 100.0% funded;
- the additional State budget grant to the Slavutych city budget for ensuring maintenance of city's social infrastructure (the annual plan of UAH 10.0mn) — 100.0% funded;
- the additional State budget grant to the Dnipropetrovsk Oblast budget for incurring the expenditures related to implementation of activities aimed at raising the level of public service provision (the annual plan of UAH 5.0mn) — 100.0% funded.

MEDICAL AND EDUCATIONAL SUBVENTIONS, AND SUBVENTION FOR TRAINING OF REGULAR WORKFORCE

The amount of UAH 95.7bn was allocated for financing the subventions to support expenditures of the medical and educational institutions within the remit of local budgets, which equals 100.0% of the annual plan, including:

- medical subvention funded at UAH 46.2bn;
- educational subvention of UAH 44.1bn; and
- subvention for training of regular workforce of UAH 5.4bn.

SUBVENTIONS FOR THE SOCIAL PROTECTION OF THE POPULATION

Social subventions were funded at UAH 63.3bn or 99.4% of the annual plan in 2015, including:

- subvention for paying out allowances to families with children, low-income families, persons disabled from birth, disabled children, temporary State support for children, and allowances for providing care to disabled persons of groups I or II due to psychiatric disorders — UAH 41.9bn or nearly 100.0% of the annual plan;
- subvention for the provision of benefits and housing subsidies to the populace for the payment for electricity, natural gas, the services of heating, water supply, and sewerage, apartment rent (maintenance of buildings and structures, and adjacent areas), the removal of household waste and liquid waste — UAH 18.0bn or 99.7% of the annual plan;
- subvention for the provision of telecommunications services benefits, other benefits granted by legislation (except for benefits in the provision of medicines, dental prosthetics, payment for electricity, natural and liquefied gas for household needs, solid and liquid furnace household fuel, services of heating, water supply, and sewerage, apartment rent (maintenance of buildings and structures, and adjacent areas), removal of household waste and liquid waste, for compensation for the loss of part of income in connection with cancellation of the tax on owners of motor vehicles and other self-propelled machines and mechanisms and proportionate increase of rates of the excise tax on fuel, and for compensation for preferential fare for certain categories of citizens — UAH 1.7bn or 87.3% of the annual plan;
- subvention for the provision of benefits and housing subsidies to the populace for the purchase of solid and liquid household furnace fuel and liquefied gas — UAH 1.1bn or 99.4% of the annual plan; and
- State budget subvention to local budgets for the disbursement of State social allowances for orphaned children and children left without parental care, cash allowances to parent carers and foster parents for the provision of social services in family-type children's homes and foster families based on the money-follows-the child principle — UAH 539.0mn or 89.8% of the annual plan.

OTHER SUBVENTIONS

According to the State Treasury Service, in addition to the social subventions and the new subventions introduced to replace the equalization grant (medical, educational, and for training the regular workforce), 17 types of **other subventions** were paid to local budgets in 2015 (see Appendix A). In general, they were funded at UAH 7.7bn or 79.7% of the annual plan. The following subventions had the highest amounts of annual implementation:

- to the Lviv Oblast budget for completing the reconstruction of the Lviv Oblast Perinatal Center — UAH 45.0mn or 100.0% of the annual plan;

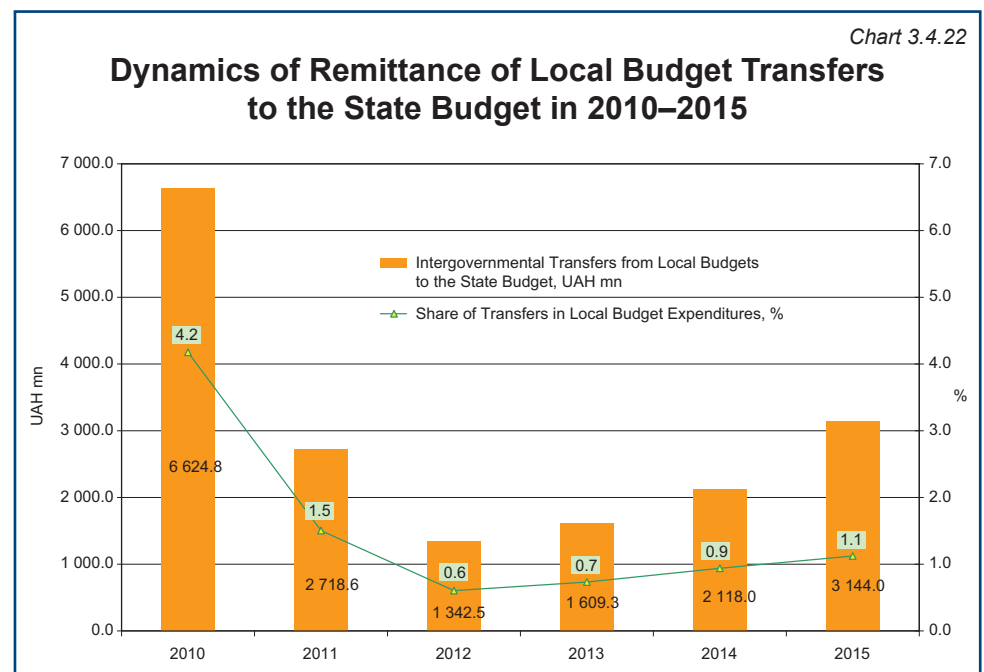
- to the Odesa Oblast budget for purchasing medical equipment for the Odesa Oblast Children's Clinical Hospital — UAH 19.0mn or 100.0% of the annual plan;
- for the partial financing of children's and youth sports schools that had been supported by the Temporary Disability Social Insurance Fund before 2015 — UAH 100.0mn or 99.5% of the annual plan; and
- for the procurement of new tram cars of domestic production for municipal electric transport — UAH 100.0mn or 99.2% of the annual plan.

TRANSFERS FROM LOCAL BUDGETS TO THE STATE BUDGET

The State budget of Ukraine received UAH 3.1bn in **inter-budget transfers from local budgets**, which is 48.4% more year-on-year.

The reverse grant amounted to UAH 2.7bn or 73.2% of the annual plan. In addition, inter-budget transfers from local budgets also include subventions for the implementation of programs for the socioeconomic and cultural development of the regions. Such subventions were remitted at the amount of UAH 476.3mn, which is 2.9 times more than in 2014.

In general, the total amount of transfers to the State budget grew by UAH 1.0bn against 2014 and amounted to 1.1% of all local budget expenditures (see Chart 3.4.22).



Appendix A. State Budget Expenditures by Program Classification in 2013–2015

Expenditures by program classification	2013			2014			2015		
	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %
State Judicial Administration of Ukraine	4 589.7	4 197.7	91.5	4 795.6	4 508.1	94.0	4 622.1	4 580.8	99.1
Administration of justice by local general courts	2 457.0	2 256.1	91.8	2 720.7	2 544.3	93.5	2 625.8	2 612.7	99.5
General Prosecutor's Office of Ukraine	3 556.8	3 556.6	100.0	3 023.7	2 810.6	93.0	2 986.8	2 982.5	99.9
Performance of prosecution and investigation activities, training and professional development of prosecutor's office staff	3 350.8	3 350.6	100.0	3 023.7	2 810.6	93.0	2 986.8	2 982.5	99.9
Ministry of Internal Affairs of Ukraine	23 490.5	22 491.1	95.7	29 050.7	28 348.3	97.6	36 892.9	36 409.4	98.7
Ensuring the protection of rights and freedoms of citizens, society, and the state from unlawful encroachments, enforcement of public order, and counteracting illegal migration	12 301.6	12 157.8	98.8	11 010.8	10 777.5	97.9	15 751.2	15 448.2	98.1
Material and technical supply of the State Border Guards Service of Ukraine and upkeep of its personnel	2 265.8	2 205.9	97.4	2 869.9	2 731.7	95.2	4 983.6	4 972.1	99.8
Support for implementation of tasks and functions of the National Guard of Ukraine	1 420.9	1 367.9	96.3	1 443.5	1 404.6	97.3	6 918.8	6 902.0	99.8
Support for implementation of tasks and functions in the field of citizenship, immigration, and registration of natural persons	747.6	429.4	57.4	506.1	470.7	93.0	1 019.1	991.1	97.2
Ministry of Energy and Coal Industry of Ukraine	16 113.6	15 741.3	97.7	10 485.7	9 859.4	94.0	2 587.8	2 442.3	94.4
Restructuring of the coal and peat industry	1 291.0	1 178.4	91.3	405.4	355.1	87.6	281.9	205.7	73.0
Performance of debt obligations under loans obtained under State guarantees with the aim of implementation of socioeconomic development projects	6.2	3.4	53.9	283.6	262.3	92.5	367.8	359.1	97.6
Ministry of Economic Development and Trade of Ukraine	2 604.0	1 893.7	72.7	1 874.3	1 074.8	57.3	1 981.8	1 376.0	69.4
Accumulation / gains of material valuables of the state material reserve	248.6	145.6	58.6	620.9	9.3	1.5	840.9	332.7	39.6
Ministry of Foreign Affairs of Ukraine	1 191.5	1 103.8	92.6	1 304.8	1 207.9	92.6	2 717.0	2 395.0	88.1
Ukraine's contributions into the budgets of UN, specialized agencies and institutions of UN system, other international organizations and convention bodies	108.5	108.4	99.9	89.8	89.1	99.3	602.4	587.9	97.6
Operation of Ukraine's foreign diplomatic missions and expansion of the network of Ukraine's properties for the needs of such missions	873.3	833.9	95.5	1 086.6	1 023.5	94.2	1 968.3	1 667.9	84.7
State TV and Radio Broadcasting Committee of Ukraine	1 107.0	1 001.1	90.4	900.6	783.8	87.0	965.8	941.1	97.4
Production and broadcasting of TV and radio programs for state needs, gathering, processing, and dissemination of official information products, creation and operation of the Ukrainian-language version of the EuroNews international channel	995.9	919.3	92.3	829.1	715.9	86.3	887.4	865.2	97.5
Ministry of Culture of Ukraine	2 799.9	2 548.0	91.0	2 432.1	2 215.0	91.1	2 605.2	2 434.4	93.4
Training of personnel for culture and arts sector by higher educational institutions of accreditation levels III and IV, and methodological support of activities of educational institutions	601.9	569.5	94.6	633.7	565.6	89.3	681.2	605.2	88.8
Financial support of national theaters	558.9	558.3	99.9	535.5	531.8	99.3	541.2	540.3	99.8

Expenditures by program classification	2013			2014			2015		
	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %
Financial support of national art collectives, concert organizations and their directorates, national and state circus organizations	379.3	348.2	91.8	346.9	341.6	98.5	328.0	328.0	100.0
Ministry of Defense of Ukraine	15 228.0	13 935.4	91.5	27 763.6	26 510.0	95.5	49 780.3	49 084.2	98.6
Support of activities of the Ukrainian Armed Forces and training of troops	11 816.1	10 951.3	92.7	12 102.0	11 847.0	97.9	38 707.4	38 471.8	99.4
Medical treatment, rehabilitation, and sanatorium provision for personnel of the Ukrainian Armed Forces, military service veterans and members of their families, and war veterans	1 098.5	1 043.6	95.0	1 174.8	961.7	81.9	1 441.3	1 435.4	99.6
Training of military specialists at higher educational institutions of accreditation levels I-IV, professional development and retraining of military specialists and public servants, initial military training of youth	957.7	925.1	96.6	958.4	913.7	95.3	1 466.6	1 451.3	99.0
Development of weapons and military equipment for Ukrainian Armed Forces	919.5	686.4	74.6	659.8	648.3	98.3	5 913.1	5 678.5	96.0
Construction/acquisition of housing for military servicemen of Ukrainian Armed Forces	92.1	31.2	33.9	596.7	162.0	27.1	970.3	805.8	83.1
Construction of engineering structures for strengthening country's defense capability	2.2	0.12	5.6	52.1	51.8	99.4	850.0	830.6	97.7
Ministry of Education and Science of Ukraine	25 712.6	23 839.6	92.7	24 293.3	21 893.4	90.1	75 893.1	74 414.7	98.1
Research, scientific and scientific-technological developments, implementation of works under State targeted programs and State orders, training of scientific personnel, financial support of scientific infrastructure, scientific press, and scientific facilities of national importance, support to activities of the State Fund for Basic Research	599.1	552.7	92.3	530.1	484.8	91.5	621.9	578.7	93.1
Training of personnel by higher educational institutions of accreditation levels I and II providing for the operation of their apprenticeship bases	3 961.1	3 768.1	95.1	3 864.8	3 489.4	90.3	4 823.4	4 657.6	96.6
Training of personnel by higher educational institutions of accreditation levels III and IV and support to operation of their practical training facilities	17 316.7	15 845.4	91.5	16 775.4	15 041.0	89.7	18 891.2	17 720.0	93.8
Training of personnel at the Kyiv Taras Shevchenko National University	904.8	884.6	97.8	876.9	854.9	97.5	939.3	913.3	97.2
State budget subvention to local budgets for training of regular workforce							5 486.1	5 486.1	100.0
Educational State budget subvention to local budgets							44 087.0	44 085.3	100.0
Ministry of Health of Ukraine	11 597.4	10 517.5	90.7	10 188.1	8 912.5	87.5	59 856.5	57 317.2	95.8
Training and professional development of medical and pharmaceutical, scientific and scientific pedagogical personnel at higher educational institutions of accreditation levels III and IV	2 521.9	2 057.1	81.6	2 756.1	1 947.8	70.7	3 775.4	2 427.2	64.3
Specialized and highly specialized medical care provided by general State healthcare institutions	1 138.7	1 087.2	95.5	1 280.6	1 249.8	97.6	873.4	863.7	98.9
Diagnostics and medical treatment of diseases with applications of experimental and new medical technologies in healthcare institutions of research institutions and higher educational medical institutions of the Ministry of Health of Ukraine	546.9	520.5	95.2	691.8	647.0	93.5	878.6	865.1	98.5

Expenditures by program classification	2013			2014			2015		
	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %
Support of medical activities of individual State programs and comprehensive activities of programmatic nature, including UAH 200mn for procurement of digital mammographs and ultrasonic diagnostic instruments made in Ukraine	2 292.1	2 161.6	94.3	2 318.0	2 229.0	96.2	4 098.9	3 696.9	90.2
Conducting laboratory studies in the field of sanitary and epidemiological welfare of the population, and taking special measures of localization and liquidation of outburst and epidemics	1 170.1	1 068.6	91.3	1 089.4	1 018.9	93.5	1 174.6	1 110.0	94.5
Medical subvention from State budget to local budgets							46 177.0	46 177.0	100.0
Ministry of Ecology and Natural Resources of Ukraine	9 657.6	6 169.9	63.9	5 226.9	3 983.3	76.2	6 227.6	5 558.9	89.3
Implementation of environmental protection activities	1 123.3	388.9	34.6	558.4	209.2	37.5	549.2	421.0	76.7
State support to activities aimed at reduction of emissions (increased absorption) of greenhouse gases, including for heat insulation of buildings housing social security institutions, development of international cooperation on the issue of climate change							774.6	668.5	86.3
Operation of State water economy complex and management of water resources	2 067.3	1 942.1	93.9	2 032.3	1 839.3	90.5	2 234.7	2 152.2	96.3
Ukraine's contributions to the Chernobyl Shelter Fund and to the EBRD nuclear safety account	81.4	81.3	99.8	50.1	50.1	99.9	601.8	601.2	99.9
Maintaining safety of power units and Shelter facility, and activities of preparation of Chernobyl NPP for decommissioning	728.3	721.8	99.1	744.2	631.6	84.9	929.1	918.2	98.8
Ministry of Social Policy of Ukraine	89 597.9	89 175.9	99.5	87 815.1	81 287.2	92.6	106 338.4	105 716.5	99.4
Social protection of citizens affected by the Chernobyl disaster	10.9	5.18	47.4	0.2	0.2	100.0	0.8	0.2	29.9
Compensation to enterprises, institutions, and organizations, within the average wages of the employees drafted for military service during mobilization for the special period							2 094.3	2 086.2	99.6
Provision of monthly targeted aid to the individuals who are moving from the temporary occupied territory of Ukraine and the areas of Anti-terror Operation, to cover the costs of accommodation, including for housing and communal services							3 360.0	3 317.6	98.7
The grant for payment of pensions, bonuses and extras to pensions appointed under various pension programs	61 469.8	61 469.8	100.0	64 604.0	61 130.6	94.6	63 052.3	63 052.3	100.0
Covering the deficit of funds of the Pension Fund of Ukraine for payment of pensions	21 763.8	21 763.8	100.0	17 125.7	14 683.2	85.7	31 759.3	31 759.3	100.0
Fund for Social Protection of Disabled Persons	1 009.6	862.0	85.4	964.3	815.1	84.5	1 278.6	1 241.3	97.1
Ministry of Regional Development, Construction, and Housing and Communal Services of Ukraine	9 202.0	4 568.9	49.7	15 805.8	13 303.2	84.2	8 504.4	6 397.7	75.2

Expenditures by program classification	2013			2014			2015		
	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %
State budget subvention to local budgets for repayment of the debt from the difference in tariffs of heat energy, heating, and hot water supply, services of centralized water supply, sanitation, which were produced, transported, and provided to the population and / or to other enterprises of centralized water supply and sanitation, which provide to the population the services of centralized water supply and sanitation, which difference emerged due to a mismatch between the actual cost of heat energy and services of centralized water supply, sanitation, heating, and hot water supply, and the tariffs approved and/or agreed by central government authorities or local governments	5 138.5	2 052.5	39.9	14 017.7	12 423.1	88.6	5 600.0	4 685.1	83.7
Ministry of Agrarian Policy and Food of Ukraine	8 555.3	6 987.3	81.7	6 597.2	5 515.4	83.6	2 618.5	2 123.7	81.1
Organization and regulation of activities of veterinary medicine and phytosanitary service institutions	2 034.7	1 777.8	87.4	1 929.4	1 657.9	85.9	556.5	449.6	80.8
Ministry of Infrastructure of Ukraine	2 953.4	2 698.1	91.4	3 551.0	3 295.1	92.8	4 504.4	3 575.0	79.4
Performance of debt obligations under the loans obtained under State guarantees, which are used for implementation of tasks and activities envisaged by the State targeted program of preparation for and hosting of the European 2012 Football Championship Finals in Ukraine							3 454.4	2 649.5	76.7
State Motor Roads Agency of Ukraine	17 342.9	13 657.7	78.8	15 576.5	14 240.1	91.4	24 643.5	22 200.0	90.1
Development of network and maintenance of public motor roads	9 907.9	7 457.7	75.3	4 418.8	3 462.7	78.4	6 229.2	4 553.9	73.1
Performance of debt obligations under the loans obtained by the State or under State guarantees for the development of networks of public motor roads	7 435.0	6 199.9	83.4	11 157.7	10 777.3	96.6	18 414.2	17 646.1	95.8
Ministry of Youth and Sport of Ukraine	1 007.1	981.3	97.4	838.2	667.2	79.6	1 134.1	1 057.3	93.2
Development of physical culture, high performance sport, and reserve sport	521.7	513.0	98.3	530.9	429.6	80.9	693.2	638.9	92.2
Ministry of Finance of Ukraine	148 907.2	144 655.7	97.1	171 398.9	165 308.3	96.4	166 082.4	159 549.0	96.1
Basic grant	55 695.4	55 695.4	100.0	60 922.4	60 480.8	99.3	5 358.0	5 261.9	98.2
State budget subvention to local budgets for the provision of benefits and housing subsidies to the population for payment for electricity, natural gas, services of heat and water supply, and sanitation, apartment rent (maintenance of buildings and structures, and adjacent areas), removal of household waste and liquid waste	6 458.1	6 046.0	93.6	7 493.2	6 172.8	82.4	18 038.2	17 994.9	99.8
State budget subvention to local budgets for granting benefits and housing subsidies to the population for purchase of solid and liquid furnace household fuel and liquefied gas	769.3	733.0	95.3	790.9	714.7	90.4	1 128.4	1 121.1	99.4

Expenditures by program classification	2013			2014			2015		
	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %	Plan, UAH mn	Actual, UAH mn	Execution of annual plan, %
State budget subvention to local budgets for the provision of benefits in telecommunications services, other benefits envisaged by the legislation (other than the benefits in obtaining medicines, dental prosthetics services, payment for electricity, natural and liquefied gas for household needs, solid and liquid household furnace fuel, services of heat, water supply and sanitation, apartment rent (maintenance of buildings and structures, and adjacent areas), removal of household waste and liquid waste), for compensation for the loss of part of income due to abolition of the tax on owners of motor vehicles, and other self-propelled machines and mechanisms, and the respective raising of rates of the excise tax on fuel, and for compensation of preferential fare for certain categories of citizens	2 116.3	1 828.7	86.4	1 935.5	1 766.1	91.2	1 987.8	1 734.6	87.3
State budget subvention to local budgets for paying up allowances to families with children, low-income families, persons disabled from childhood, disabled children, temporary State allowances for children, and allowances for care of disabled persons of disability groups I or II due to psychiatric disorders	39 713.1	39 565.2	99.6	41 794.2	40 837.8	97.7	41 900.4	41 892.9	100.0
State debt servicing				48 329.9	47 976.7	99.3	85 669.3	84 505.4	98.6
State budget subvention to the Dnipropetrovsk city budget for completing construction of the metro underground railway in the city of Dnipropetrovsk							29.0	0.0	0.0
Ministry of Justice of Ukraine	5 878.0	5 332.3	90.7	5 693.9	5 059.2	88.9	7 272.4	6 734.4	92.6
Payments to comply with rulings of foreign jurisdictional bodies passed based on the findings of consideration of cases against Ukraine	88.4	88.2	99.8	170.3	169.9	99.8	640.8	640.8	100.0
Execution of punishments by penitentiary service institutions and bodies	2 862.3	2 820.1	98.5	2 804.2	2 735.7	97.6	2 890.1	2 877.4	99.6
State Space Agency of Ukraine	1 274.8	624.3	49.0	3 867.4	3 051.3	78.9	2 902.6	2 694.5	92.8
Performance of debt obligations under loans obtained under State guaranteed for implementation of Cyclone-4 and Creation of the National Satellite Communications System projects	478.5	256.1	53.5	3 410.6	2 663.8	78.1	2 357.4	2 184.2	92.6
National Academy of Sciences of Ukraine	3 462.9	3 311.8	95.6	3 177.7	3 003.7	94.5	3 067.7	2 899.2	94.5
Basic research, applied scientific and scientific-technological developments, implementation of works under State targeted programs and State order, training of scientific personnel, financial support to development of scientific infrastructure and scientific facilities of national importance, supporting activities of scientific libraries	3 286.2	3 144.9	95.7	3 002.9	2 840.5	94.6	2 908.7	2 746.9	94.4
National Academy of Medical Sciences of Ukraine	2 695.9	2 168.4	80.4	1 970.6	1 915.7	97.2	1 761.5	1 703.2	96.7
Diagnostics and medical treatment of diseases with introduction of experimental and new medical technologies, specialized consultative and polyclinic aid, which is provided by scientific and research institutions of the National Academy of Medical Sciences of Ukraine	1 340.4	1 300.5	97.0	1 595.2	1 566.8	98.2	1 301.1	1 288.6	99.0
Other key spending units	24 404.7	22 298.6	91.4	23 529.5	21 464.2	91.2	23 616.7	22 261.3	94.3
Total	432 930.9	403 456.1	93.2	461 161.2	430 217.8	93.3	599 563.4	576 848.3	96.2

Appendix B. Status of Remittance of State Budget Subventions to Local Budgets in 2015

(UAH thousand)

Description	General Fund		Special Fund		Combined	
	Plan	Actual	Plan	Actual	Plan	Actual
State budget subvention to local budgets for paying up allowances to families with children, low-income families, persons disabled from childhood, disabled children, temporary State aid for children and allowances for care over disabled persons of groups I or II due psychiatric disorder	41 900 393.4	41 892 861.5	0.0	0.0	41 900 393.4	41 892 861.5
State budget subvention to local budgets for the provision of benefits and housing subsidies to the population for payment for electricity, natural gas, services of heat and water supply, and sanitation, apartment rent (maintenance of buildings and structure, and adjacent areas), removal of household waste and liquid waste	18 038 216.7	17 994 857.9	0.0	0.0	18 038 216.7	17 994 857.9
State budget subvention to local budgets for the provision of benefits in telecommunications services, other benefits envisaged by the legislation (other than the benefits in obtaining medicines, dental prosthetics services, payment for electricity, natural and liquefied gas for household needs, solid and liquid household furnace fuel, services of heat, water supply and sanitation, apartment rent (maintenance of buildings and structures, and adjacent areas), removal of household waste and liquid waste), for compensation for the loss of part of income due to abolition of the tax on owners of motor vehicles, and other self-propelled machines and mechanisms, and the respective raising of rates of the excise tax on fuel, and for compensation of preferential fare for certain categories of citizens	1 987 833.2	1 734 645.0	0.0	0.0	1 987 833.2	1 734 645.0
State budget subvention to local budgets for the provision of benefits and housing subsidies to the population for buying solid and liquid household furnace fuel and liquefied gas	1 128 427.2	1 121 097.9	0.0	0.0	1 128 427.2	1 121 097.9
State budget subvention to the Zhovti Vody city budget for implementation of measures of radiation and social protection of population of the city of Zhovti Vody	8 480.1	8 390.9	0.0	0.0	8 480.1	8 390.9
State budget subvention to local budgets for compensation of part of interest rates on the loans attracted for renewing the bus and trolleybus fleets of the host-cities for holding the European 2012 Football Championship Finals in Ukraine	23 950.0	3 792.1	0.0	0.0	23 950.0	3 792.1
State budget subvention to local budgets for procurement of medicines and medical goods for the provision of emergency medical aid	137 992.3	135 630.0	0.0	0.0	137 992.3	135 630.0
State budget subvention to local budgets for training of regular workforce	5 486 100.8	5 486 100.8	0.0	0.0	5 486 100.8	5 486 100.8
State budget subvention to local budgets for procurement of expendables for healthcare institutions and medical goods for inhalation anesthesia	18 972.6	18 274.8	0.0	0.0	18 972.6	18 274.8
Educational subvention from the State budget to local budgets	44 087 024.7	44 085 257.4	0.0	0.0	44 087 024.7	44 085 257.4
Medical subvention from the State budget to local budgets	46 177 023.6	46 177 023.6	0.0	0.0	46 177 023.6	46 177 023.6
State budget subvention to local budgets for implementation of activities of socioeconomic development of individual territories	779 684.1	722 115.8	0.0	0.0	779 684.1	722 115.8
State budget subvention to local budgets for reform of regional healthcare systems to carry out the activities of the Improvement of Healthcare to Serve the People project jointly with the International Bank for Reconstruction and Development	0.0	0.0	129 738.8	6 364.4	129 738.8	6 364.4
State budget subvention to local budgets for financing the activities of socioeconomic compensation of risks to the population living in the surveillance areas	108 709.0	102 603.0	0.0	0.0	108 709.0	102 603.0
State budget subvention to the Lviv oblast budget for completing the reconstruction of the Lviv Oblast Perinatal Center	45 000.0	45 000.0	0.0	0.0	45 000.0	45 000.0
State budget subvention to local budgets for paying the State social aid for orphaned children and children left without parental care, money allowances to carer parents and foster parents for the provision of social services in family-type children's homes and foster families based on the principle "money follows the child"	600 118.3	539 013.0	0.0	0.0	600 118.3	539 013.0
State budget subvention to local budgets for renewal (construction, capital repairs, reconstruction) of infrastructure in the Donetsk and Luhansk oblasts	291 600.0	247 029.6	0.0	0.0	291 600.0	247 029.6
State budget subvention to local budgets for procurement of new Ukrainian-made tram cars for municipal electric transport	100 000.0	99 209.4	0.0	0.0	100 000.0	99 209.4
State budget subvention to local budgets for construction/acquisition of housing for the families of military servicemen who died when directly participating in the Anti-Terror Operation, as well as for disabled persons of groups I and II from among the military servicemen who took part in the stated operation and are in need of better housing conditions	367 725.1	346 457.9	0.0	0.0	367 725.1	346 457.9

Description	General Fund		Special Fund		Combined	
	Plan	Actual	Plan	Actual	Plan	Actual
State budget subvention to the Odesa oblast budget for the construction of the therapeutic block of the Odesa Oblast Children's Clinical Hospital	19 000.0	19 000.0	0.0	0.0	19 000.0	19 000.0
State budget subvention to local budgets for repayment of debt from the difference in tariffs of heat energy, services of centralized water supply and sanitation, which were produced, transported, and supplied to population, which difference emerged due to a mismatch between the actual cost of heat energy and services of centralized water supply and sanitation, and the tariffs approved by and/or agreed to central government authorities or local governments	4 800 000.0	3 945 223.4	800 000.0	739 899.4	5 600 000.0	4 685 122.8
State budget subvention to local budgets for conducting the elections of deputies to local councils and village, settlement, and city mayors	1 193 880.6	1 096 819.3	0.0	0.0	1 193 880.6	1 096 819.3
State budget subvention to the Dnipropetrovsk city budget for completing the construction of the metro underground railway in the city of Dnipropetrovsk	0.0	0.0	672 000.0	36 975.7	672 000.0	36 975.7
State budget subvention to local budgets for partial financing of sports schools for children and youth, which used to receive support from the Social Temporary Disability Insurance Fund before 2015	100 000.0	99 476.9	0.0	0.0	100 000.0	99 476.9
State budget subvention to the Dnipropetrovsk city budget for co-funding of the Completion of Metro Construction in the City of Dnipropetrovsk project	29 000.0	0.0	0.0	0.0	29 000.0	0.0
Subventions total	167 429 131.7	165 919 880.2	1 601 738.8	783 239.6	169 030 870.5	166 703 119.8

