



PUBLIC FINANCE MANAGEMENT

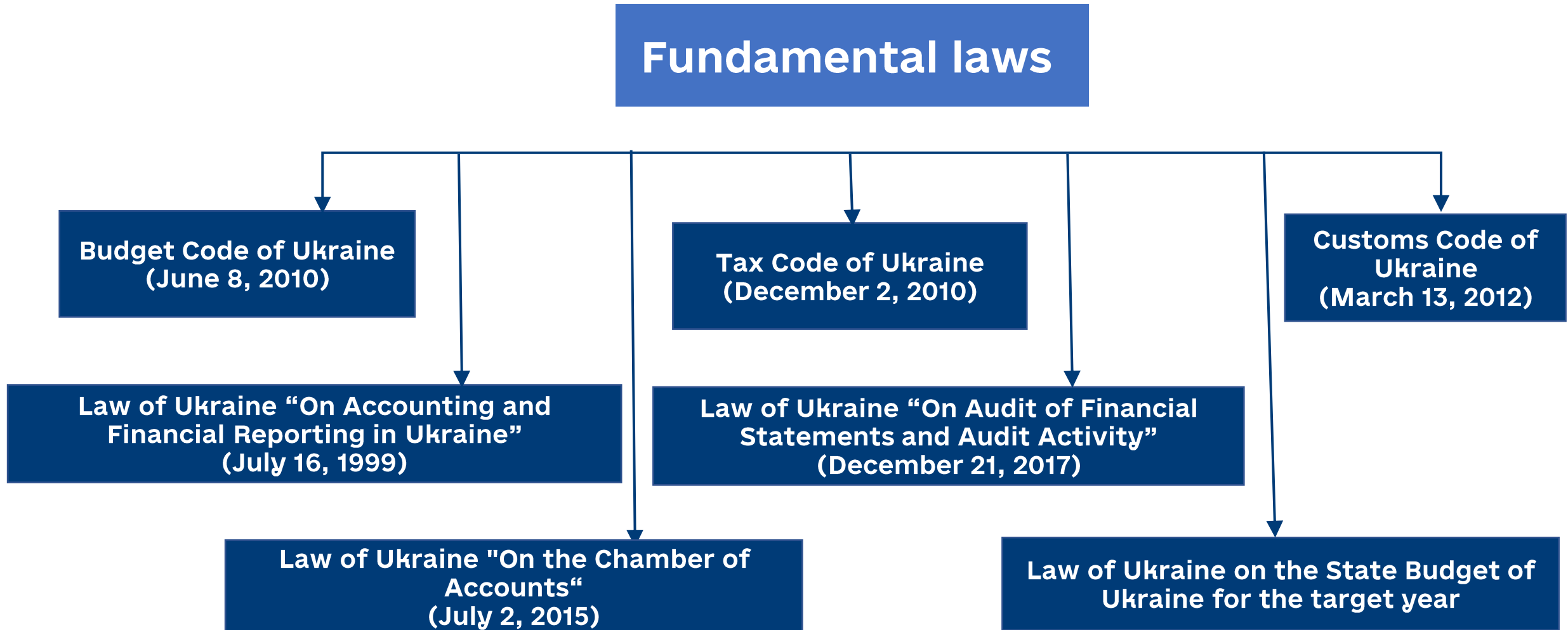
within the Framework of Public Administration

Reform

National Budget Department
UKRAINIAN MINISTRY OF FINANCE

Ljubljana
December 3-4, 2024

National Legislation on Public Finance Management

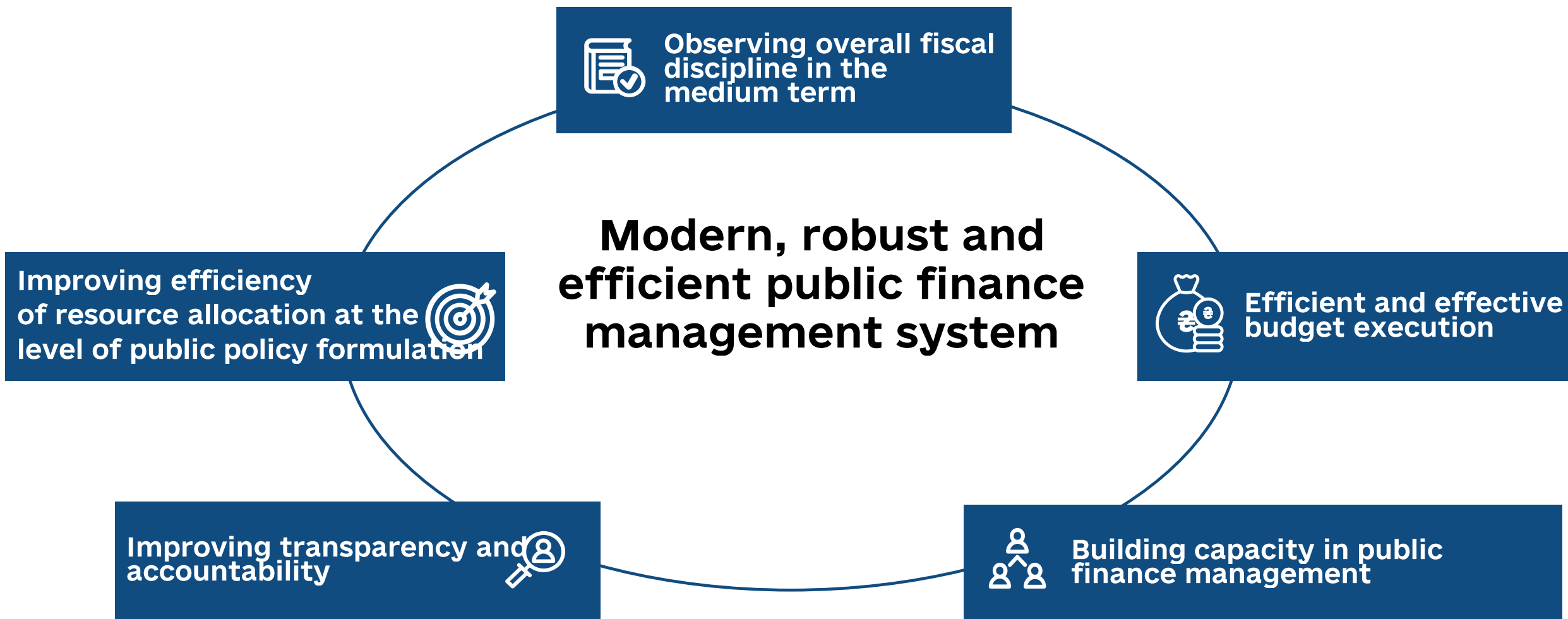


Strategic Framework for Public Finance Management



2022-2025 Public Finance Management

Strategy: Objectives





Mid-term Budget Planning



Program and performance budgeting (since 2002)

New Budget Process Tools

01

State Budget Spending Reviews (since 2018)

02

Gender-sensitive approach in the budgeting process (since 2015)

03

Public services as the basis for budget programs (from 2024)

State Budget Spending Review



Article 20, Budget Code of Ukraine

MoF has defined the main requirements for the state budget spending reviews (MoF's Order No. 446 dd. 23.10.2019)



Ukraine's plan under the Ukraine Facility Program provides for annual state budget spending reviews based on a methodology that complies with OECD best practices in priority areas such as social protection, education, health care, energy, and business support.

Gender-Sensitive Approach in the Budgeting Process



MoF approved the Methodological Guidelines for the introduction and use of gender-sensitive approach in the budgeting process (MoF Order No. 1 dd. 02.01.2019)

Objective: improve the quality of public services and their accessibility for diverse groups of women and men

Methodological approaches

Organizational approaches

Enable gender mainstreaming in the planning and implementation of, and reporting on budget programs

The 2022-2025 Public Finance Management Reform Strategy stipulates that each KSU should conduct a gender analysis of at least one budget program annually



Number of budget programs in which KSU (key spending units) included gender characteristics



Public services are the basis for the development of budget programs: the areas of use of budget funds are identified with regard to public services to be rendered within the framework of budget programs while performance indicators reflect the volume and quality of public services.

Guidelines for the development of budget programs by state budget key spending units (MoF Order No. 465 dd. 25.08.2023)



- The requirements to the formulation and content of budget programs were unified
- It was the first time when explanation about the content of public services (their types, beneficiaries, suppliers) to be reflected in the budget programs was given

2022-2025 Public Finance Management Strategy: Key Results in a Martial Law Environment



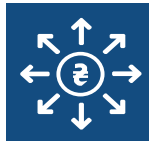
Mid-term budget planning resumed - Budget Statement for 2025-2027 approved



The role of the MoF as a “gatekeeper” for budget amendments has been strengthened



State budget spending review in 28 policy areas has been resumed and carried out



A comprehensive reform of public investment management has been launched



A new State Budget Execution Planning and Monitoring Information System is being finalized

Mid-term Budget Planning and Fiscal Resilience



Budget Statement - a mid-term budget policy document introduced by the Budget Code of Ukraine in 2018 (Article 33) which serves as a basis for drafting the Annual State Budget and local budget forecasts and includes

- key macro indicators of the country's economic and social development
- key budgetary indicators
- public policy objectives by sector
- spending ceilings for key spending units
- assessment of fiscal risks and their impact on the state budget performance

Submitted

**Budget Statement for
2022-2024
(CMU Resolution No. 548
dd. 31.05.2021)**



Preparation of the
Budget Statement for
2022 and 2023 was
suspended due to
martial law



Resumed

**Budget Statement for
2025-2027
(CMU Resolution No. 751
dd. 28.06.2024)**

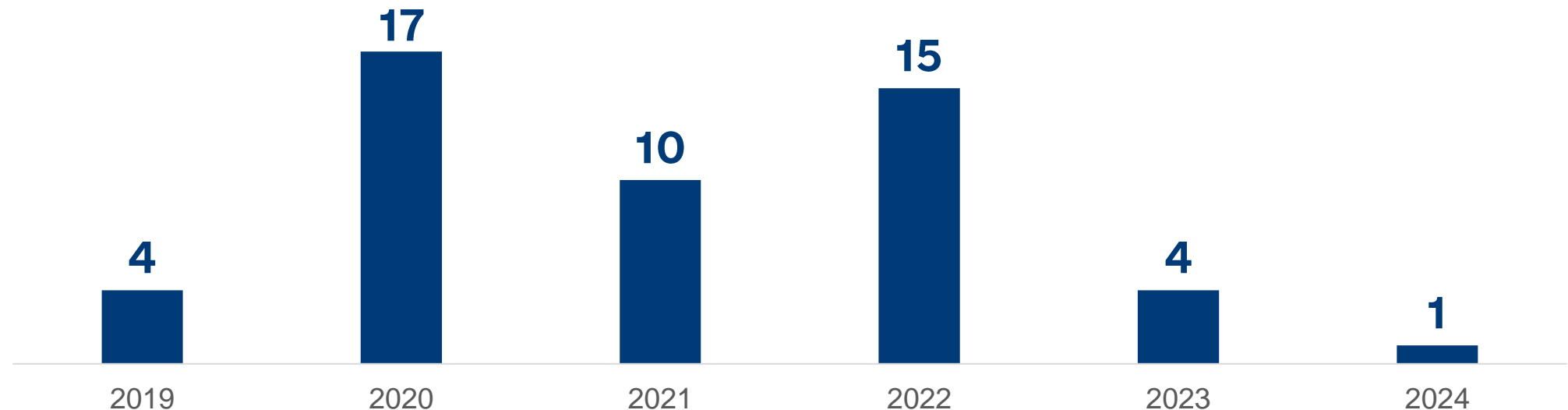
Ensuring Predictability and Consistency of Budget Planning in a Full-Scale War Environment



Article 52 of the Budget Code of Ukraine (as amended in September 2023):

- sets out an exhaustive list of cases when amendments may be made to the state budget;
- strengthens the role of the MoF as a safeguard preventing introduction of unrealistic or risky amendments to the state budget in the context of constrained budgetary resources

Number of amendments to state budget laws



Reform of the Public Investment Management System



1. Ensure legislative regulation and strategic planning of public investments



2. Create a methodological framework for public investment management



3. Improve mid-term budget planning for public investments



4. Create an IT architecture for public investment management

Next Steps in Reforming the Public Finance Management System



The following aspects of the public finance management system need to be implemented in line with the provisions of Directive 2011/85/EU:

- Harmonize information with the European System of Accounts (ESA 2010)
- Establish an independent fiscal oversight body
- Expand mid-term budget planning to the general government sector (local budgets and mandatory public social and pension insurance funds)
- Introduce budget planning approaches based on baseline calculations (spending with no change in policy)



Accomplished:

- The Budget Statement for 2025-2027 includes key indicators for local budgets
- Approaches to calculation of the baseline indicator have been developed with regard to the list of factors affecting the expenditures of KSUs



Thank you for your attention!