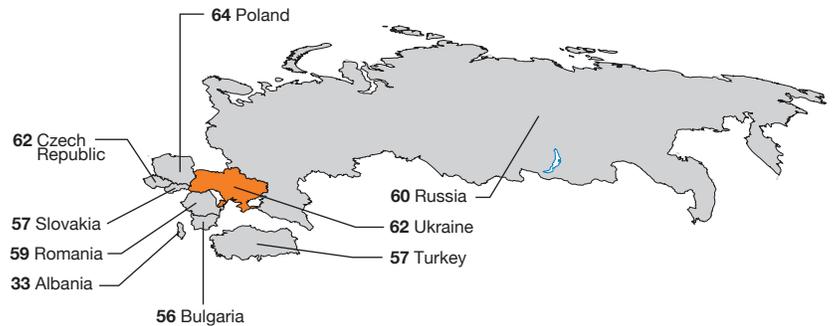
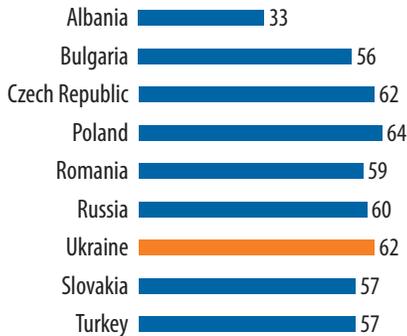




Overall score: 62 (Out of 100) Provides significant information to the public in its budget documents during the year.

How Does Ukraine Compare to Its Neighbors?



Key Findings

The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index (OBI).

Ukraine's OBI 2010 score of 62 shows that the government provides the public with significant information on the central government's budget and financial activities during the course of the budget year. While some deficiencies remain, the amount of information published is generally sufficient for citizens to assess how the government is managing public funds.

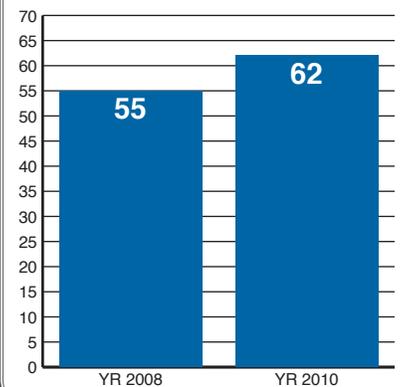
Ukraine's OBI score increased from 55 in 2008 to 62 in 2010. This is largely because Ukraine began publishing a more comprehensive Executive's Budget Proposal and started publishing In-Year Reports and an audited Year-End Report.

Information in Public Budget Documents

Adequacy & Availability of Eight Key Budget Documents

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	B	Published
Executive's Budget Proposal	B	Published
Enacted Budget	B	Published
Citizens Budget	E	Not Produced
In-Year Reports	A	Published
Mid-Year Review	E	Produced, Not Published
Year-End Report	D	Published
Audit Report	B	Published

OBI Scores Over Two Surveys



* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Ukraine, the budget proposal is fairly comprehensive, but gaps in information are found in the following areas:

- The budget proposal lacks information on outputs and outcomes. This information is important for those who are interested in monitoring the impact of the budget.
- The budget proposal lacks information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on extra-budgetary funds, quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and other assets. In particular, there is not enough information given on state debt and its future prospects. Without this information, the public does not know the government's complete fiscal position.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Ukraine produces a fairly comprehensive Pre-Budget Statement, but the document does not include an extensive discussion of the government's macroeconomic and fiscal framework.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide data the public can use to assess the government's stated policy priorities and hold it to account. Ukraine produces a fairly comprehensive Enacted Budget, but it does not present the approved budget for all programs.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. Ukraine does not produce a Citizens Budget at the moment; the last one was published 2006.

In-Year Reports provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the Enacted Budget figures and thus can facilitate adjustments. Ukraine produces comprehensive In-Year Reports.

A **Mid-Year Review** provides a comprehensive overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Ukraine produces a Mid-Year Review, but it is not made public.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating adjustments for upcoming budget years. Ukraine produces a

OPEN BUDGET SURVEY 2010

Ukraine

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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Year-End Report, but it is far from being comprehensive. To illustrate, differences between the enacted expenditure levels and the actual outcomes, as well as information on non-financial data, are not included in this report.

An **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate and whether there were problems in the management of public funds. Ukraine produces an Audit Report which is fairly comprehensive. It does not, however, report on steps taken by the executive to address audit findings.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Ukraine's budget process can be made more open. These include ensuring the existence of a strong legislature and SAI that provide effective budget oversight, as well as providing greater opportunities for public engagement in the budget process.

Are oversight bodies effective in their budget role?

Oversight Institution	Strength**
Legislature	Moderate
SAI	Moderate

** Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey, budget oversight provided by Ukraine's legislature is inadequate because it does not:

1. have full powers to approve any changes made to the budget over the course of the fiscal year; and
2. hold open budget discussions at which the public can testify or allow the public to be present during legislative hearings at which the executive testifies on its proposed budget.

According to the Open Budget Survey, budget oversight provided by Ukraine's SAI is inadequate because it does not:

1. have proper channels of communication with the public; and
2. have adequate reporting on the follow-up steps taken by the executive to address audit recommendations for remedial action.

Recommendations

Ukraine should:

- publish the Mid-Year Review (this document is currently produced for internal purposes only);
- begin to produce and publish a Citizens Budget;
- increase the comprehensiveness of the Executive's Budget Proposal and the Year-End Report;
- strengthen the role of the legislature and the SAI in the budget process; and
- provide opportunities for the public to testify at legislative hearings on the budget.