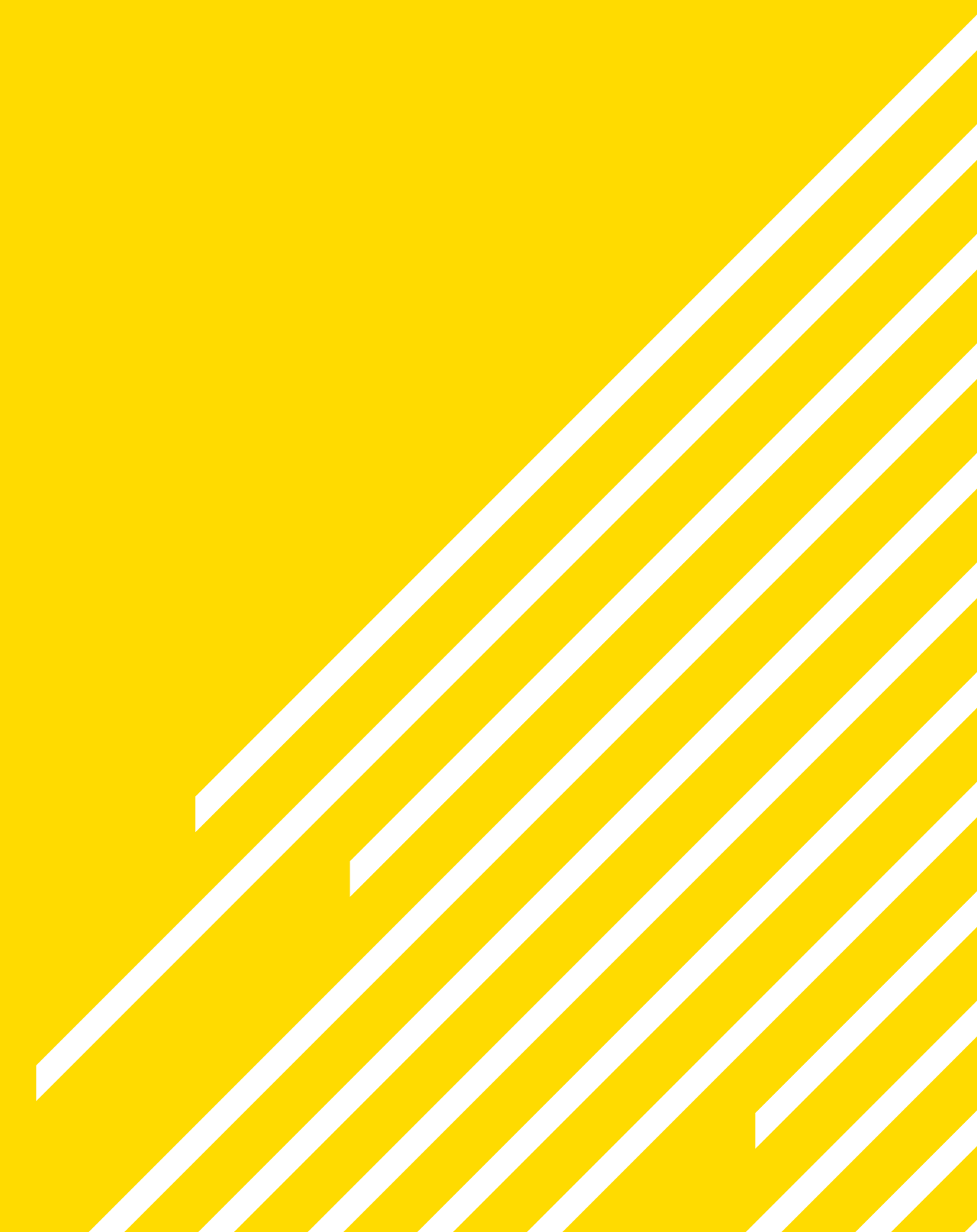




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PFM REFORM PRIORITIES

2021-2024

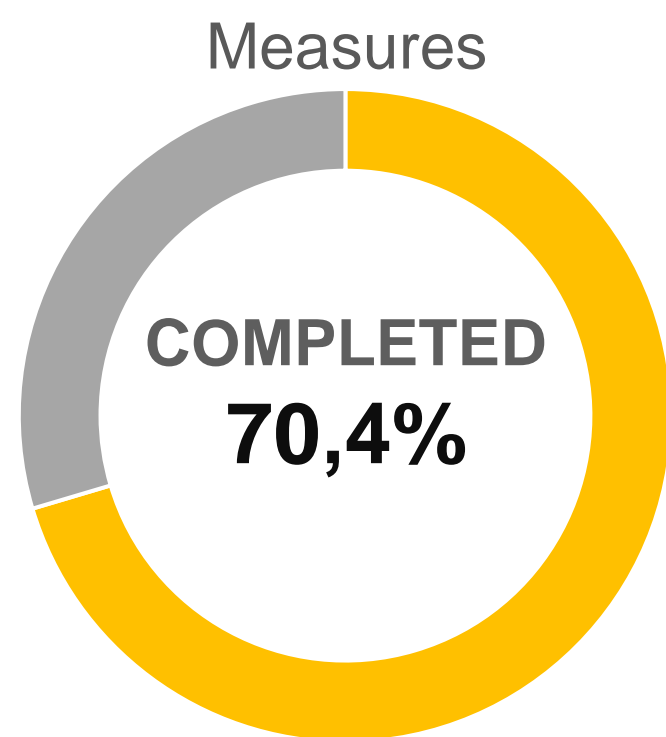


PFM REFORM PROGRESS IN 2017-2019

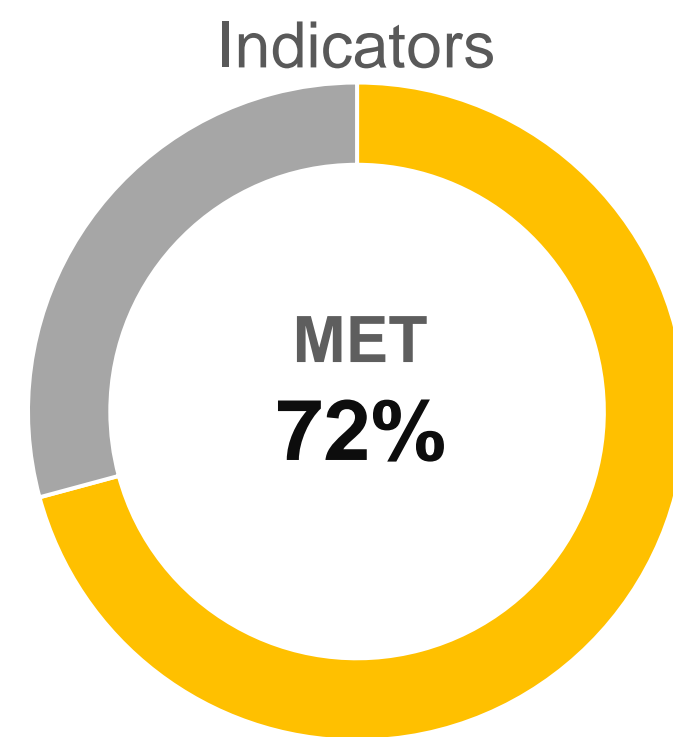


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PFM Strategy Implementation



During 2017-2019, 114 measures were completed, including 20 measures implemented on ongoing basis. Another 48 measures were in progress.



During 2017-2019, 18 indicators were met out of 25*.

* 10 indicators were omitted as not being measurable due to changes in methodology or lack of data.

Main Results

Legal basis established for the introduction of **medium-term budget framework**

Spending reviews piloted

Reform of the **tax and customs authorities** launched, new services created

Automated **VAT refund** introduced based on the single e-register

E-services for taxpayers expanded

9 steps of **BEPS** Action Plan implemented

Customs control and clearance improvement launched (NCTS and AEO introduction)

Ukraine's **credit ratings** were raised

New **ACU** Members appointed and Development Strategy approved

PFM IT Centralization Concept approved based on the conducted ICT audit

Transparency in PFM domain increased (openbudget.gov.ua, BOOST)

PFM REFORM CHALLENGES REMAINING



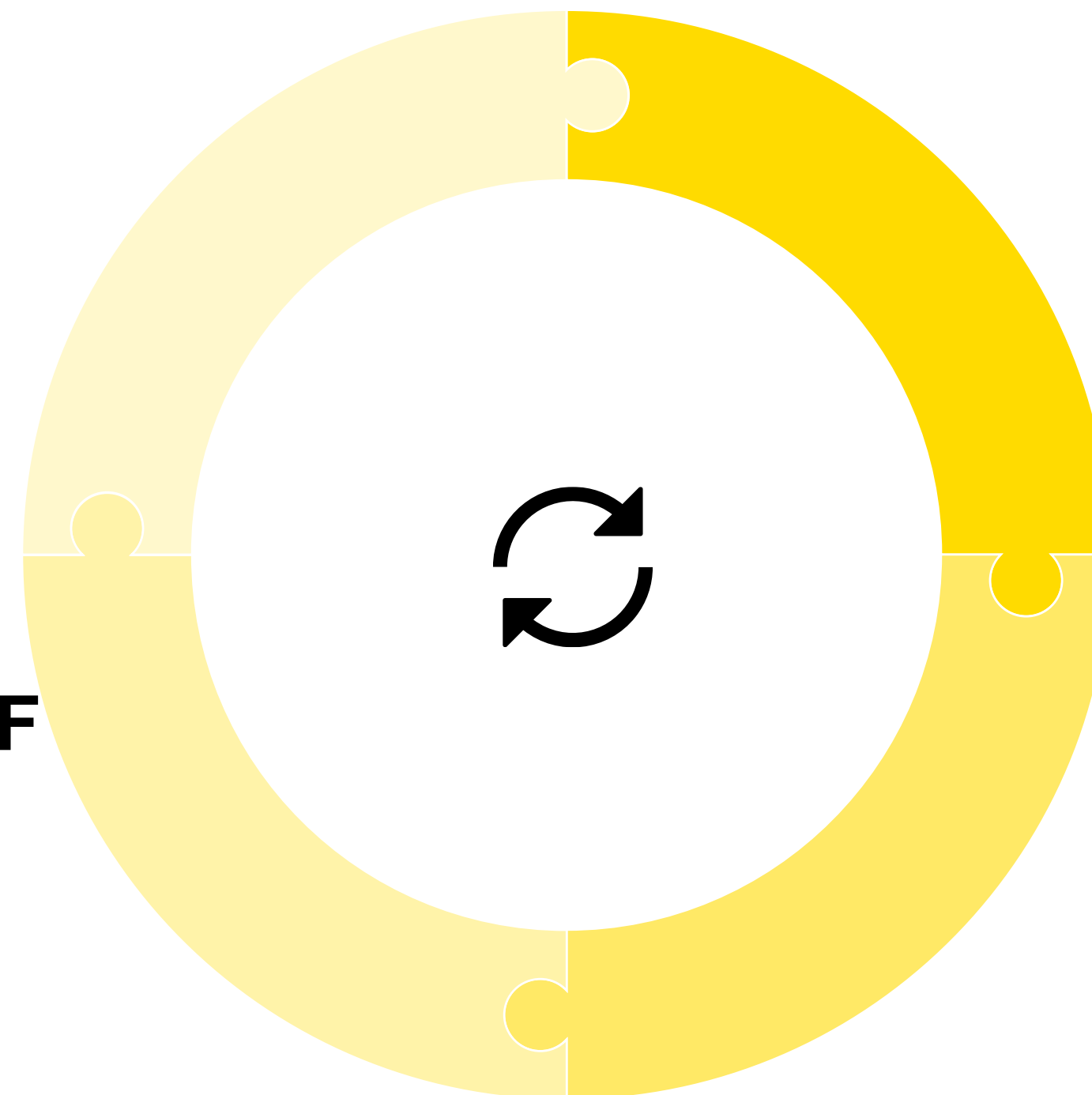
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INCONSISTENT AND FRAGMENTED PLANNING

- lack of coherent strategic planning system
- weak links between strategic and budget planning
- public investment planning is poorly aligned with strategic and budget planning

INSUFFICIENT PREDICTABILITY OF FISCAL POLICY IN THE MEDIUM TERM

- lack of comprehensive fiscal risk management system
- formalistic approach to fiscal impact assessment and costing of new initiatives by policy developers



INEFFICIENT PERFORMANCE MANAGEMENT

- poor linkage between the budget, objectives, KPIs and performance
- insufficient institutional and managerial accountability
- limited implementing capacity at the central and local levels

CHALLENGING EXTERNAL ENVIRONMENT

- COVID-19 crisis and need for adequate policy responses and resource allocations
- macroeconomic volatility

KEY PFM REFORM PRIORITIES TILL 2024



Building a resilient and efficient PFM system

Strengthening aggregate fiscal discipline

- Finalizing tax and customs authorities reform
- Ensuring timely and comprehensive management of fiscal risks at central and local levels
- Building capacity for prudent debt management at all levels
- Establishing feasible and effective liquidity management

Increasing allocative efficiency at policy level

- Full-fledged introduction of medium-term budget framework aligned with strategic planning and improved fiscal impact assessment of policy initiatives
- Conducting regular spending reviews and revising approaches to programs and KPIs
- Increasing own resources of SNGs

Ensuring effective budget execution

- Close alignment of public investment planning with strategic and budget planning and improved capacities for cost-benefit analysis
- Improving quality of consolidated financial statements
- Further development of internal control and internal audit, including automation

Increasing transparency and accountability

- Ensuring the availability of data on state and local budgets for external analysis
- Implementing IT centralization in PFM domain to ensure harmonized and efficient IT development

HR Management

- Improving the effectiveness of HR management and developing training programs and tools for capacity building in public finance area

PFM REFORM COORDINATION AND MONITORING



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PAR Coordination Council (chaired by the Minister of the Cabinet of Ministers) – overall coordination of government bodies engaged in PFM Strategy implementation

PFM Sector (Inter-Agency) Working Group (chaired by the First Deputy Finance Minister, co-chaired by EUD Head of Governance Section) – monitoring and evaluation of PFM Strategy progress and coordination with development partners

PFM Working Sub-Groups (expert level) – review of specific issues of PFM reform implementation, development of proposals to be considered by PFM SWG. Including: budget; local budgets; tax policy; customs policy; macroeconomic and revenue forecasting; fiscal risks, liquidity and debt management; accounting and financial reporting; financial control; institutional capacity.

NEXT STEPS



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MoF will finalize and provide the consolidated matrix of development partners' comments to PFM Strategy and the MoF feedback together with a proposed schedule of needed sub-group meetings to finalize draft PFM Strategy and Action Plan prior to submission for inter-agency endorsement – **by September 30, 2020**



In line with the updated PFM reform priorities, the MoF will upgrade the donor coordination matrix to serve as common results framework in the PFM area and will address the development partners with request for inputs – **by October 6, 2020**