

Table 0.A. Ukraine: Summary Assessment

Phase / Institution		Institutional Strength	Effectiveness	Rec.	
A. Planning	1	Fiscal rules	A debt ceiling is included in the budget code but the ceiling has been breached and there are no escape clauses.	The debt ceiling was breached in 2015, although the ongoing voluntary debt restructuring is likely to bring the debt stock back under the ceiling.	
	2	National and sectoral planning	National plans do not prioritize or cost capital investments or specify their output targets, while some but not all sector plans do so.	Sector plans do not take into account financial constraints imposed by the annual budget and only a fraction of proposed projects are actually funded.	1
	3	Central-local coordination	A strong legal framework for local borrowing exists, including limits on how much local government can spend on servicing the debt.	There is no strategic discussion between national and LGs on capital programs, and limited transparency on transfers to LGs.	2
	4	Public-private partnerships	The scrutiny and selection of PPP projects in not transparent and value-for-money analysis is not always required.	The government is ill-equipped to manage fiscal risks arising from PPP arrangements.	2, 3
	5	Regulation of infra. Companies	Domestic competition exists in some but not all infrastructure markets, the regulator is not fully independent.	The institutions controlling SOEs' investments are overlapping and unclear, and the oversight functions are limited.	
B. Allocation	6	Multi-year budgeting	A comprehensive multi-year budget framework currently does not exist	Plans to introduce multi-year budgeting for the 2018 budget remain vague.	1, 4
	7	Budget comprehensiveness	Most government capital spending is undertaken through the budget and externally financed projects are disclosed. PPPs are not disclosed.	PPPs are currently limited. Failure to disclose does not pose a challenge for budget comprehensiveness.	3, 5
	8	Budget unity	A single budget is prepared but no disclosure of operating costs for investments. The budget classification specifies consumption and development costs, not capital spending.	Failure to specify capital spending and the absence of information on operational cost implications are serious obstacles to effective oversight.	5
	9	Project appraisal	Few investment projects have been subject to systematic appraisal, but new appraisal procedures were introduced for the 2016 budget.	New project appraisal methodology has been applied to a limited set of projects, and its effectiveness remains unproven.	6
	10	Project selection	Few investment projects are systematically reviewed, but new selection procedures were introduced in the 2016 budget. There is no systematized project pipeline.	New project selection methodology is incomplete and has been applied to few projects. Its effectiveness will depend on introduction of medium-term budgeting.	6
C. Implementation	11	Protection of investment	Outlays appropriated on an annual basis, the MOF can reallocate from capital to other expenditure, and carryover applies only to special fund appropriations.	Total variation from the original budget for capital expenditure to actual outturn is small, but allocation to each project in the original budget is not credible.	5
	12	Availability of funding	Cash forecasts are not amended as the year progresses, making it difficult to ensure that sufficient funds are available as projects are adjusted.	Current expenditures are protected, and as a result, disbursements for capital programs are rationed.	8, 9
	13	Transparency of execution	New procurement law provides potential for improvements. There is no centralized project monitoring mechanism and no systematic ex post audit.	Efficacy of the new procurement law remains unproven. Plans for strengthened centralized project monitoring and ex post audit are vague.	7
	14	Project management	There is no standard for project management. Externally financed projects are managed as required by the funder.	Management and monitoring relates to budget adherence, with very little consideration to meet project objectives.	7
	15	Assets accounting	Financial statements exclude the stock positions and depreciation of nonfinancial assets.	Asset surveys are conducted regularly only for a minor subset of the general government nonfinancial assets.	