

Ukrainian state budget again with a huge deficit

1 grudnia 2020

Former Deputy Minister of Economy of Ukraine Pavel Kukhta announced the growth of a hole in the Ukrainian budget.

In his words, unfinanced budget expenditures amount to tens of billions of hryvnias. Moreover, one third of them falls on protected expenses (the volume of which does not change with a budget cut).

This year, Ukraine has changed the way to fill the budget deficit. Previously, the market for domestic government bonds with the attraction of external credit was used for this. In 2020, it was decided to solve this problem by issuing government loan bonds. Simply by turning on the printing press.

However, the IMF did not allow this strategy to be fully implemented. At the same time, failures in obtaining loans from the fund led to the formation of holes in the country's budget. The current situation threatens not to allocate financing for the expenses provided for by the law, even if a lockdown is not announced. If the authorities decide to stop the economy once more, the budget deficit could exceed UAH 100 billion.

Pavel Kukhta said that the Treasury has been working in manual mode for the past three weeks. In his words, "since November 9, the treasury has been working in the mode of a card index – receipts are reduced until nightfall, in the morning they form a pool of expenses that will be financed, everything else is postponed."

If you believe the words of the economist, then this has not happened in more than ten years. At least at the beginning of

November. The only way out for replenishing the Ukrainian budget, he says, is the urgent fulfillment of all IMF requirements for obtaining new loans.

However, the president's office said that this year Ukraine will definitely not receive any tranches from the IMF. And the state budget will have to be balanced somehow independently.

Among the accumulated budgetary debts on protected items of expenditure (they make up about 80% of the budget) are the following:

- salaries of state employees and payroll,
- purchase of medicines,
- provision of food,
- payment for utilities and energy resources,
- servicing the public debt,
- transfers to the population and local budgets,
- measures related to defense,
- payments on government derivatives, etc.

It is not yet clear which items the Treasury stopped funding. However, over the last week of November it is necessary to finance more than 50 billion hryvnias of expenses, which is more than in the first three weeks of the month. And if the situation with protected items of expenditure is in a deplorable state, then unprotected items in November were not funded at all. The debt on them for the current year is about 64 billion hryvnia.

There are other ways to replenish the budget. This year, the \$ 2.9 billion court won against Gazprom was a significant help.

There is an option to try to collect from Ukrnafta, owned by

Kolomoisky, a tax debt in the amount of 30.4 billion hryvnia. Even a complicated scheme was invented. But most likely this scenario will remain unrealized, since the oligarch is too tough for the Ukrainian authorities.

Thus, it turns out that with the announcement of the second lockdown, the budget underfunding will amount to about UAH 100 billion. If the outcome is successful, if the lockdown is not announced, it will be about 50 billion. That is, in any case, Kiev will have to ask the IMF to allow the issue of bonds of the internal government loan. Well, or to allow the underfinancing of expenses, which will place a heavy burden on the 2021 budget.

Authorship: Timoschuk

Source: WolneMedia.net