

PUBLIC FINANCE TRANSPARENCY IN UKRAINE: DYNAMICS AND IMPACT OF WAR

Introduction

Transparency is an important part of an effective and efficient Public Financial Management (PFM) system. Enhanced public finance transparency enables stakeholders to assess the efficient allocation of public resources according to the established priorities [1].

The importance of public finance transparency, and budget transparency as its key component, is highlighted in multiple documents, both in legal framework and regulations, and in various guidelines and recommendations. These include among others the following: the European Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States [2], the Budget Code of Ukraine [3], Recommendations from OECD and other international organisations, including the IMF Fiscal Transparency Code [4].

Open Budget Survey. Ukraine's performance

The Open Budget Survey (OBS) by the International Budget Partnership is a renowned independent global regular assessment of budget transparency on the national level, oversight and public participation aspects of governance and accountability. The most recent surveys cover 125 countries worldwide [5].

Ukraine's performance on budget transparency has been assessed since the OBS 2008. Over the years, Ukraine has demonstrated a continuous trend of improving the central budget transparency. The growing trend in the level of Ukraine's national budget transparency has been observed since OBS-2015, which introduced the updated methodology to the Survey, till the OBS-2021. This is demonstrated in Figure 1. The

low result in the OBS-2023, which assessed the 2022 performance, was caused by the suspension of the standard budgetary procedures in Ukraine in 2022 due to the full-scale invasion by Russia. The survey authors note the significant external impacts that happened in 2022 but indicate that the survey methodology has no exclusions and that all the countries are assessed equally [6].

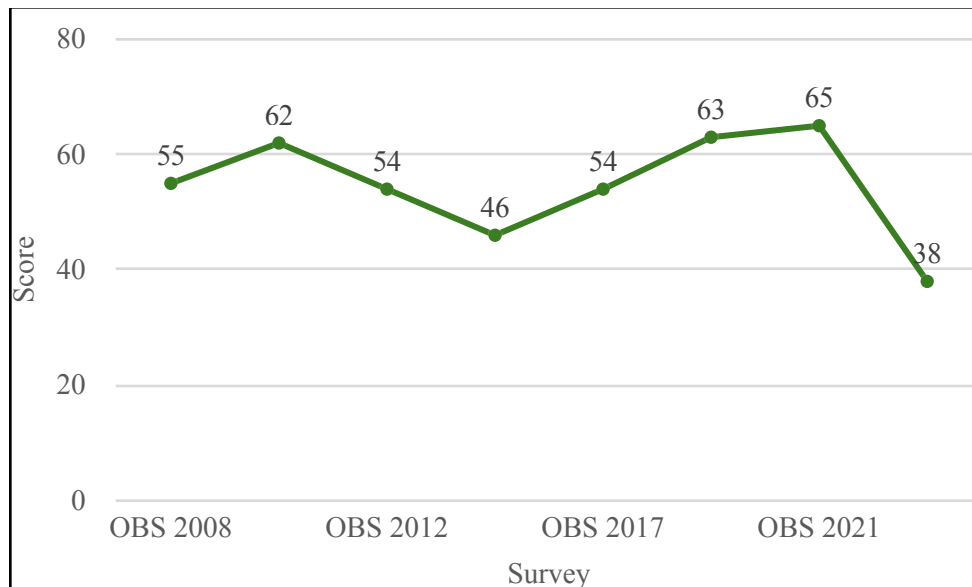


Figure 1. Ukraine’s OBS performance in 2008-2023 [7]

Public Finance Transparency in Ukraine. 2023 - ongoing

In 2023, the government institutions of Ukraine were able to restore some level of public finance transparency, provided this did not affect the defence and security aspects. Given the significant part of international support programmes in funding the non-defence-and-security public expenditures in Ukraine since 2022, improved public finance transparency became an important part of ensuring the PFM system accountability for all the stakeholders. Beginning in 2023, the Ministry of Finance of Ukraine (MoF) reinstated its policy of public finance transparency. The official portals such as spending.gov.ua [8], openbudget.gov.ua [9] resumed publishing actual information on public expenditures whenever the data posed no security risks. The MoF also started publishing new datasets and interactive BI tools or ‘dashboards’ on specific

public expenditures [10]. In 2023 the MoF published a ‘dashboard’ on the 2022 expenditures reimbursed through the World Bank’s Public Expenditures for Administrative Capacity Endurance (PEACE) Project which amounted to USD 14.5 bn. [10]. During 2024 the MoF published monthly data on the public sector employment and remuneration data [10]. The structured data provided a comprehensive view of Ukraine’s public administration sector undergoing the remuneration system reform. Previously such data was completely publicly unavailable. In 2025 the MoF continues publishing monthly data on public sector employment and remuneration.

Other government agencies also provide new levels of transparency. The Digital Restoration EcoSystem for Accountable Management (DREAM) provides open data on reconstruction projects in Ukraine [11]. The current estimations of the recovery and reconstruction needs amount to at least USD 524 bn. [12]. The significant funding needs highlight the importance of ensuring public finance transparency to improve public oversight of the effectiveness and efficiency of expenditures.

Independent institutions also use open data on public finances for performing their own surveys. The Fiscal Policy Research Center performed an assessment of Key Spending Units fiscal public finance based on the open data in 2024. The Center also performs other surveys based on the open data [13].

Summary

Public finance transparency in Ukraine has been improving over the years. However, the full-scale invasion by Russia in 2022 caused a temporary significant setback in the level of public finance transparency due to the suspension of the standard fiscal practices and security measures. Despite the ongoing invasion, Ukraine has made significant progress in restoring public finance transparency since 2023. The Ministry of Finance of Ukraine reinstated the policy of public finance transparency through reintroducing the previous practices and making the new datasets and BI tools available. Other government agencies and initiatives, such as the Digital Restoration EcoSystem

for Accountable Management (DREAM) also follow the transparency principles. Independent organizations also use open data for their assessments and surveys.

Looking ahead, the future OBS Score for Ukraine will likely improve, as Ukraine restored many of the previously suspended fiscal practices. The ongoing harmonization of the Ukrainian legislative framework with the EU Acquis and the introduction of the best international practices in the field of Public Financial Management also contributes to the improvement of public finance transparency in Ukraine.

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