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DRC Ukraine Legal Alert Special: Analysis of State Budget 2023 – Issue 87

DRC Analysis of Conflict-Related Provisions of State Budget 2023

On 3 November 2022, the Parliament adopted [State Budget 2023](#). The State Budget 2023 indicators are provided in comparison with the related indicators for [2020](#), [2021](#) and [2022](#). All the indicators are provided in UAH. Following tables and other information are generated from the data provided in State Budgets for 2020, 2021, 2022 and 2023.

Table 1 provides the basic State Budget indicators and social indicators used for the calculation of social benefits, including those available for IDPs.

Table 1: Basic Social Indicators in 2020-2023

Value	State Budget 2020			State Budget 2021			State Budget 2022			State Budget 2023
	From 1 January	From 1 July	From 1 December	From 1 January	From 1 July	From 1 December	From 1 January	From 1 July	From 1 December	From 1 January
Living Wage	2027	2118	2189	2189	2294	2393	2393	2508	2589	2589
Minimal Salary	4723; from 01.09 – 5000			6000; from 01.12 – 6500			6500; from 01.10 – 6700			6700
Minimal Pension ¹	1638	1712	1769	1769	1854	1934	1934	2027	2093	2093

¹ The ‘minimal pension’ indicator should not be mixed with the real minimal pension: the indicator does not include premiums and monetary assistance. In fact, starting from 1 July 2019, the actual minimal pension is 2,000 UAH as the Government introduced supplementary payments to retirees whose final pension size is lower than 2,000 UAH level – see DRC [Legal Alert](#) Issue 42, Section 5, – while in October 2021 the Cabinet [claimed](#) the 2,600 UAH value. The formal indicator is though important for other social calculators.

Table 2 provides some of the basic macro-economic indicators of the State in the respective periods (figures are indicated as provided in initial State Budget versions – prior to future amendments, – rounded up, in UAH):

Table 2: Basic Macro-Economic Indicators in 2020-2023

	State Budget 2020	State Budget 2021	State Budget 2022	State Budget 2023
Total Revenue	1,096 billion	1,084 billion	1,324 billion	1,329 billion
Total Spending	1,182 billion	1,320 billion	1,499 billion	2,580 billion

Table 3 provides a general overview of government budgetary spending lines (attachment 3 to the budget) under the different Ministries and sectors with some relevance to the social protection of the conflict-affected people (figures are rounded up, UAH).

Colour Map:	Remained Unchanged	
Insignificantly Increased	Significantly Increased	Extraordinary Increased
Insignificantly Decreased	Significantly Decreased	Extraordinary Decreased

Table 3: Government Budgetary Spending in 2020-2023

Institution or Direction of Use of Funding	State Budget 2020	State Budget 2021	State Budget 2022		State Budget 2023
			January 1	October 18	
Ministry of Veterans Affairs	988 million	989 million	6.02 billion		6.84 billion
<i>Subventions to local budgets for housing compensations for IDPs who participated in Anti-Terrorist Operation (ATO)</i>	248 million	530 million	3.26 billion		3.26 billion
<i>Rehabilitation and adaptation of the Joint Forces Operation (JFO)/ATO veterans and their family members</i>	246 million	256 million	277 million		540 million
Ministry for TOT Reintegration	634 million	1.17 billion	1.32 billion	2.02 billion	430 million
<i>Mine action activities</i>	5 million	5 million	15 million		12 million

<i>Support to the individuals illegally captured by NGCA authorities or Russia and their family members AND reintegration of NGCA residents</i>	66 million	66 million	66 million	134 million
<i>Subventions to local communities for the support of conflict-affected areas²</i>	20 million	125 million	125 million	Expenses are funded from Restoration Fund of the consequences of the conflict (under the Ministry of finance)
<i>Compensation for housing destroyed as a result of the conflict</i>	20 million	114 million	81 million	Absent
<i>Ensuring informational sovereignty of Ukraine, supporting the development of languages of indigenous people residing in Crimea, funding for international broadcasting of Ukrainian informational material</i>	These expenses had been funded from different budget lines under the Ministry of Informational Policy until it was dissolved in 2019	349 million	363 million	41 million
<i>Ensuring necessary conditions of movement through the contact line</i>		267 million	397 million	Absent
<i>Creating databases for the purposes of reintegration</i>	---	5 million	51 million	39 million
<i>Ensuring reintegration of youth from the NGCA and Crimea</i>		130 million	94 million	21 million
<i>Development of agriculture infrastructure in Luhansk region</i>		30 million	30 million	Absent
<i>Activities re challenges caused by the return of combatants and internal migration</i>	7 million	Absent		
Ministry of Health	133.24 billion	162.69 billion	196.83 billion	176.93 billion

² This subvention is used for: i) construction, reconstruction, and acquiring housing (both durable and temporary) for IDPs; ii) development of TSNAPs.

Ministry of Interior	92.97 billion	98.86 billion	99.78 billion	218.05 billion	210 billion
<i>State Emergency Service</i>	15.45 billion	16.34 billion	16.87 billion	36.23 billion	38.7 billion
<i>National Police</i>	33.61 billion	35.50 billion	36.70 billion	69.08 billion	68.61 billion
Ministry of Social Policy	311.62 billion	312.38 billion	319.86 billion	426.23 billion	445.22 billion
<i>The Pension Fund</i>	202.28 billion	195.32 billion	200.63 billion	253 billion	271.86 billion
<i>The Fund for Social Protection of People with Disabilities</i>	1.48 billion	2.21 billion	2.49 billion		3.70 billion
<i>Social, labour, and professional rehabilitation of persons with disabilities</i>	1.53 billion	1.88 billion	2.10 billion		
<i>Rehabilitation of children with disabilities</i>	130 million	130 million	155 million		3.6 billion
<i>Financial assistance to NGOs of persons with disabilities</i>	89 million	91 million	91 million		
<i>Specialised assistance on prosthetics and rehabilitation</i>	30 million	35 million	37 million		
<i>Subvention for housing for children deprived of parental care (including orphans) and family-type of shelters</i>	795 million	807 million	810 million		10 million
<i>Subvention to local budgets for the creation of a network of special public bodies for the protection and support of victims of domestic and gender-based violence</i>	---	274 million	236 million		175 million

<i>Social protection of families, children, women, and other most vulnerable social groups</i>	86 million	66 million	66 million		26.85 billion (protection of children and families)
<i>Provision of monthly utility benefits to IDPs</i>	3.43 billion	3.05 billion	3.05 billion	47.95 billion	86.1 billion (Social protection of citizens in difficult life circumstances)
<i>Sanatorium treatment for veterans and differently-abled individuals</i>	215 million	246 million	441 million		Absent
<i>Recreation for children requiring particular support (including recreation of children in health camps of "Artek" and "Young Guard")</i>	240 million	393 million	447 million		447 million
<i>Provision of 'some kinds of benefits, compensation, and services to certain social groups' [benefit types not specified in the budget line]</i>	61.27 billion	67.46 billion	66.59 billion	72.36 billion	These expenses are funded from different budget lines
<i>Modernisation of the social protection system</i>	1.14 billion	400 million	400 million		963 million
<i>Pilot Project 'Development of Social Services'</i>	100 million	10 million	100 million		Absent
<i>Actions on promotion of low-income families' economic self-sufficiency</i>		---	95 million		53 billion (Support of low-income families)
<i>Utility subsidies</i>	47.57 billion	47.26 billion	38.38 billion	41.71 billion	
<i>National Social Service of Ukraine</i>	---	83 million	161 million		121 million
Ministry of Regional Development and Territories	9.09 billion	7.29 billion	14.59 billion	30.25 billion	9.95 billion

<i>Subvention to local communities for the implementation of projects under the Extraordinary Loan for Restoration of Ukraine</i>	1.28 billion	1.65 billion	1.48 billion	1.70 billion
<i>Subvention on Implementation of the Programme for Restoration of Ukraine</i>	---	1 million	603 million	5.3 billion
<i>Support to the State Fund for the Promotion of Youth Housing Construction</i>	7 million	8 million	7 million	6 million
<i>Increasing Statutory Capital of the State Fund for Youth Housing Construction with the Further Funding Use for the Purposes of Youth Housing Provision</i>	28 million	25 million	28 million	21 million
<i>Partial interest compensation under the preferential loans for youth housing programme</i>	23 million	17 million	11 million	7,5 million
<i>Partial interest compensation under the preferential housing loans programmes for persons requiring improvement of housing conditions</i>	41 million	34 million	26 million	20 million
<i>Subvention to local communities for development of industrial parks³</i>	---	---	400 million	Absent
Free Legal Aid System (under the Ministry of Justice)	821 million	955 million	992 million	803 million
Ministry for Digital Transformation	221 million	1.79 billion	4.29 billion	616 million

³ Creation of industrial parks is envisioned under the Strategy for Donetsk and Luhansk Regions Economic Development. Industrial parks are supposed to provide industrial development infrastructure for enterprises in the area, and at the same time supervise ecologic footprint of the enterprises.

<i>National Informatisation Programme</i>	74 million	602 million	2.20 billion		Absent
<i>Digital Governance</i>	31 million	318 million	652 million		443 million
<i>Subvention to local budgets for the development of TSNAPs</i>	---	231 million	231 million		Absent
<i>Subvention to local budgets for the development of internet access in rural areas</i>	---	500 million	500 million		Absent
Ministry of Economy	Ministry did not exist. Its functions were performed by the Ministry of development of economy, trade and agriculture	18 billion	18.3 billion	24 billion	3.3 billion
<i>Grants for creation or development of the business</i>	---				1.4 billion
Ministry of Finance	251.6 billion	234 billion	238.8 billion	450 billion	468.3 billion
<i>Restoration Fund of the consequences of the conflict</i>	Expenses had been funded under the Ministry for TOT Reintegration				35.5 billion
<i>Ensuring the functioning of the Entrepreneurship Development Fund</i>	2 billion	2 billion	3 billion	7 billion	16 billion

Loan-Based Funding: Apart from the state budget expenses lines (budget attachment No. 3), the document outlines the allocation of money for certain loan programmes run by the Government (budget attachment No. 4). Lines relevant to the humanitarian context are listed below in Table 4 (figures rounded up, UAH):

Institution Managing the Funding	Amount of Funding			Indicated Purpose
	2021	2022	2023	
Ministry for Reintegration of Temporary Occupied Territories	408 million	465 million	79 million	Provision of preferential loans for IDPs [most likely funded by the German Government under the KfW agreement ⁴]
Ministry of Regional Development and Territories	35 million	39 million	25 million	Provisions of long-term preferential loans for rural housing (re)construction
	15 million	20 million	17 million	Provision of long-term preferential housing loans for IDPs and 'ATO'/JFO veterans

State Budget Highlights:

Positive	Negative
<p>Budgeting of new conflict-related activities:</p> <ul style="list-style-type: none"> Budget lines for Ministry of Social Policy related to social protection issues, including modernisation of social protection system were significantly increased Significant increase in budget line on social protection of citizens in difficult life circumstances Grants for development of business were introduced Drastic increase in subvention to local communities for the support of conflict-affected areas Significantly increased budgeting on providing technical and other means of rehabilitation of persons with disabilities, prosthetics, etc. 	<ul style="list-style-type: none"> No State initiative on housing for IDPs and conflict affected vulnerable groups Funding for Ministry for TOT Reintegration was significantly decreased No separate funding for Mine Action No separate funding for IDPs and conflict-affected persons in the sphere of education Only 51.5% of the projected expenditure is expected to be funded from domestic revenue. This indicates that the budget will be heavily depended on foreign aid.

⁴ For more information, see [DRC-DDG Legal Alert Issue 58](#): October-November 2020, Section 1 and [DRC Legal Alert Issue 86](#): November 2022

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