

Presentation at the Public Debt
Committee Meeting,
Buenos Aires, Argentine,
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The Accounting Chamber of Ukraine and problems of public debt in Ukraine

Dear Mr. Chairman! Dear colleagues!

Let me express my gratitude on behalf of the Accounting Chamber of Ukraine for accepting our SAI's membership in the INTOSAI Public Debt Committee.

It is a great honor for us to take part for the first time in the PDC Meeting contributing to the mutually beneficial exchange of knowledge and information in the sphere of public debt.

The Accounting Chamber of Ukraine is one of the youngest SAI among the other PDC member-states.

This year we will celebrate the 10th anniversary since our institution has been established and joined INTOSAI in 1998 and EUROSAI in 1999 respectively.

The Accounting Chamber of Ukraine is a constantly acting auditing institution, which operates on a constant basis, subordinated and accountable to the Parliament of Ukraine.

Its activity is based on the Constitution of Ukraine, budget legislation and special law considering principles of legality, long-term planning, objectivity, independence and transparency.

The controlling measures of the Accounting Chamber of Ukraine mainly focused on detecting and preventing violations and inadequacies of the State Budget implementation.

The control has been implemented in such a way that taking into account the results of expertise on the State Budget draft-law and auditing of the budget legislation, the Accounting Chamber of Ukraine submits to the Parliament of Ukraine its proposals on the budget process improvement.

The reports on audit results are published in the form of bulletins and distributed among People's Deputies, central bodies of executive power and made public via mass media.

From the very moment of its foundation the Accounting Chamber of Ukraine pays attention to public debt problems.

However, a serious problem of the past was the absence of appropriate legislation, which was very typical for all newly formed countries after the Soviet Union collapse.

At that time the absence of efficient system of public finance management and disastrous budget deficit for the support and development of Ukrainian economy caused a debt crisis in the country.

The unjustified accumulation of public debt obligations was made from different kind of sources in Ukraine.

The Ukrainian government gave uncontrolled guarantees on obtaining credits to private enterprises.

The laws on public budget did not define the bounding volume of public debt and assurance of state guarantees.

The spending on liquidation and state serving of debt was on the rise.

All these factors resulted in declaration by the Ministry of Finance of Ukraine about Ukraine's default in 2000 on her payments to foreign creditors.

As a result of difficult and long-term negotiation process during the following two years the Ukrainian government restructured almost all components of public debt.

The Accounting Chamber of Ukraine has conducted a lot of audits in this sphere over the last 10 years.

The government received many proposals. Some of them were implemented while improving the legal base and system of public debt management.

Despite the fact that official public debt nowadays estimates at the level of less than 20 % of GDP, it is worth to emphasize that debt problem has not been resolved in Ukraine up till now.

Even today in Ukraine there is no law about public debt that complicates the process of discussion the structure and components' analysis of public debt.

In particular, we have to point out the problem of Ukrainian citizens' savings reimbursement out of the Savings Bank and insurance system of the former USSR, which total amount estimates at 26 billion US dollars. This sum is almost twice as much as the official public debt.

The Ukrainian government does not take into account municipal debt obligations as well as obligations of state companies, which debt is on the rise.

There is no single institution in the system of executive power of Ukraine that can be responsible for public debt management.

There are many other unresolved issues in this sphere.

We are fully convinced that SAI's role is a very crucial one for resolving these problems and increasing the efficiency of public debt management system.

We count on professional and methodological assistance of the INTOSAI Public Debt Committee as well.

We hope that this information has given you a bit closer look on public debt problems in Ukraine.

A more detailed insight into different stages of responding to the public debt problems in Ukraine we will be able to prepare for the next meeting.

We wish you fruitful work!

Thank you for your attention!