

CABINET OF MINISTERS OF UKRAINE

RESOLUTION

of October 27, 2010, No.978

Kyiv

On Approval of the Procedure for Developing the Medium-Term Strategy of Public Debt Management and Controlling Its Implementation

In accordance with the Law of Ukraine on the Government Program of Economic and Social Development of Ukraine for 2010, the Cabinet of Ministers of Ukraine RESOLVES TO:

Approve the Procedure for Developing the Medium-Term Strategy of Public Debt Management and Controlling Its Implementation (attached).

M. Azarov
Prime Minister of Ukraine

APPROVED
by Resolution of the Cabinet of Ministers of Ukraine
of October 27, 2010, No.978

The Procedure for Developing the Medium-Term Strategy of Public Debt Management and Controlling Its Implementation

1. This Procedure sets out a mechanism for developing the Medium-Term Strategy of Public Debt Management (hereinafter the "Strategy") and controlling its implementation.

The Strategy specifies implementation areas of the public debt management policy for three years.

2. The Strategy is based on the following principles:

- 1) Effective public debt management;
- 2) Economic relevance of government borrowing decisions;
- 3) Alignment of implementation areas of the public debt management policy with implementation areas of budget and fiscal, monetary and lending policies;
- 4) Planning and forecasting (identifying public management goals and benchmarks based on reasonable plans and forecasts of government financial needs and trends in macroeconomic indicators);
- 5) Transparency of the Strategy objectives;
- 6) Control over the implementation of actions prescribed by the Strategy.

3. The strategy development has the following phases:

1) Analyzing:

Public debt management for the year that precedes the year when the Strategy is developed;

Relevant legal and regulatory framework;

Operations of the domestic government securities market and world capital markets as well as results of cooperation with international financial organizations, financial and lending institutions;

Public debt figures;

2) Assessing risks associated with public debt;

3) Identifying solutions to public debt management problems, including mitigating identified risks;

4) Making basic forecast calculations and identifying benchmarks to manage public debt based on results of the analysis of existing government borrowings, forecasts of government financial needs, trends in macroeconomic indicators and solutions to public debt management problems;

5) Formulating:

Public debt management objectives and tasks;

Actions to carry out the Strategy tasks, specifically those relating to the development of the domestic government securities market, management of funds in a single treasury account and foreign currency accounts, management of risks associated with public debt, etc.;

6) Approving the Strategy.

4. The Strategy should be developed annually by the Ministry of Finance with endorsement of the Ministry of Economy and approved by the Cabinet of Ministers of Ukraine within one month after the law on state budget for the current year is passed.

5. The Strategy may be revised in the event of significant changes (in macroeconomic indicators, situation in the domestic government securities market and world capital markets) that must be taken into consideration when managing public debt.

6. The Ministry of Finance prepares annually, together with a report on the state budget execution, a report on the Strategy implementation, submits it to the Cabinet of Ministers of Ukraine and, within ten days, posts it on the official web site of the Ministry of Finance.