
# Child-Focused PFM Monitoring: Observations for January-May 2010

During April - December 2010, FISCO will be providing on-going technical support in the area of Public Financial Management to UNICEF Ukraine. This work aims to help UNICEF to facilitate more effective redistribution of resources to enhance children's wellbeing and protect their rights.

As part of this assignment, we will provide UNICEF with monthly updates on key developments in Ukraine's public finance. This note is the second monthly deliverable (for May 2010).

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# Acronyms and Abbreviations

| | |
|---|---|
| CMU | Cabinet of Ministers of Ukraine |
| CPI | Consumer Price Index |
| EPT | Enterprise Profit Tax |
| GDP | Gross Domestic Product |
| IMF | International Monetary Fund |
| NBU | National Bank of Ukraine |
| PFM | Public Financial Management |
| PIT | Personal Income Tax |
| PLLC | Professional Limited Liability Companies |
| STA | State Tax Administration |
| UAH | Ukrainian Hryvnia |
| USA | United States of America |
| VAT | Value Added Tax |
| VR | Verkhovna Rada (The Parliament) |

## Uncertainty about strategic reforms, despite multiple programmatic initiatives

**During May, the Government continued to actively develop programmatic plans for strategic reforms.** One major communication from the Government during recent weeks was its declared ambition for fundamental re-design of Ukraine's current development strategy. This message was delivered through production of several new strategic documents:

- Ukraine's State Programme for Economic and Social Development for 2010 (released and approved in May)
- Programme of Economic Reforms for Ukraine for 2010-2014 (announced in May but remaining under discussion);
- Three-stage Tax Reform programme to 2020 (including a new Tax Code at one of the stages) (announced in May);
- Strategic Programme for Social and Economic Development for Ukraine to 2020 (to be developed in the second half of 2010)[i].

**Declarations in the 2010 State Programme for Economic and Social Development lack operational details and are not yet reflected in actual policies.** Of all announced documents, the only text publicised in May was the State Programme for Economic and Social Development for 2010. Built upon the draft Strategy attached to the 2010 Budget, with minor amendments, this Programme was now approved as a Law of Ukraine[ii]. It represents a comprehensive 325-page document with detailed coverage of all public policy areas and state functions. Diagnostic part of the Programme consists of a critical assessment of previous policies, rich in adjectives but with scarce analysis of the underlying reasons which led to described political failures. For each of the public policy areas, the Programme describes detailed lists of goals and objectives, assigned to concrete government agencies. Most of these objectives restate reform plans shared by most previous governments but which none of the governments appeared capable of implementing into practice.

The programme addresses PFM as one of the top-three key crisis-related priorities (along with reanimation of the banking system and investment attraction), describing the key PFM task as keeping the deficit within the 6% GDP benchmark by measures other than monetary emission. However, again, proposed roadmap is rather general and does not outline how the Government is planning to address political tradeoffs related to necessary expenditure cuts and challenging tax reforms.

Most individual chapters on specific policy areas are directly related to protection of Children's Rights[1]. However, the text does not address challenges related to the financing of proposed programmes.

*Child Protection is one of the many goals declared by the newly approved reform agendas. However, no actual policies were implemented to support these goals so far. Moreover, recent tax policy changes seem to indicate that actual steps may radically diverge from declared objectives.*

**In parallel to working on new policies (such as Tax Code), already in May the Government introduced fast-track changes to tax legislation which radically deviate from declared strategic reform directions**. At the background of strategic policy consultations described above, the Government went on to introduce a package of emergency fiscal measures. The package is explicitly directed at covering the fiscal deficit, implying that the budget balance would not be otherwise sustainable. In a separate section in this text (page 8) we explain that the essence of the emergency amendments is exclusively tax-squeezing: all provisions are aimed at extracting additional revenues and do not seem to contain any longer-term motivation, declared in any of the strategic programmes (such as reduction of fiscal pressure to stimulate economic regeneration, improvement of business environment etc). On the contrary, the squeeze is designed in a way which threatens most vulnerable businesses, exporters, and small entrepreneurs.

[1] Social Policy, Protection and Welfare; Support to Family, Children and Youth; Household Incomes; Housing; Education; Healthcare; Culture; Human Development; Safety and Emergency Protection; Environment

**Observers fear that despite announced intentions, the likelihood of palpable reforms in 2010 is decreasing.** Expert and media debates were especially heated in May as the new President marked its symbolic first 100 days in office. Some commentators pointed at lack of allocations to reform-related measures in the 2010 Budget and its focus on maintaining wages and other input-based norms, which plainly leaves no space for funding more strategic change[iii]. Others believe that the momentum of certain public trust which was available for some time after elections has been wasted[iv].

## Debates over 2009 Budget Report and 2010 Approved Budget swayed by political squabble

**In 2010, the timing of the previous (2009) budget execution report coincided with public digestion of newly approved 2010 Budget and the beginning of 2011 Budget cycle.** Ukraine's Budget Code requests the Government to report to the Parliament on the execution of the previous year budget once the Treasury releases the final annual statistics, which usually happens in May. While this requirement has always lacked practical vision of the goal of the report and the nature of its parliamentary approval, it still created opportunities for a public policy consultation regarding the fiscal situation at the beginning of new budget cycles.

**While some criticism of previous policies after political change was widely expected, in actual debates over 2009 Budget execution political agendas entirely crowded out balanced policy analysis.** All public reports and press statements of the current Government on 2009 fiscal results were presented as devastating accusations of the previous government[v]. Unfortunately, the accusations pointed at problems with the previous budget which closely coincide with current concerns over the Budget 2010: an unsustainable deficit; attempts to hide quasi-fiscal imbalances; growing public debt[vi]. Moreover, in early May the Government commissioned an external audit of public financial management by Yulia Tymoshenko's Government, to be performed by Trout Cacheris, PLLC (USA) (to be funded by the State Budget)[vii]. Statements of illegal utilisation of public funds by the previous government (in the size of UAH 1 Billion) were also made by the Accounting Chamber[viii].

**In its turn, the opposition represented by Yulia Tymoshenko criticised the approved 2010 Budget for the same problems which were clearly visible in the previous year, as well as for insufficient social spending.** The content of the 2010 Budget analysis by the leading opposition party was focused on the failure to further raise social payments (including payments at child birth and payments for children under 3 years); on growing fiscal deficit which could lead to increased public debt and inflation; on failures to stimulate business development and economic growth; and on redistribution of resources without due transparency towards favoured business interests[ix].

## Fiscal performance over April 2010

### Reported figures

**During April 2010, budget revenues continued to contract.** Table 1 illustrates that consolidated budget revenues fell by 4.5% in real terms in April 2010 compared to same period of last year. The biggest factor of this reduction is a dramatic decrease of VAT (by 4.6% in real terms), despite the recognised fact that significant part of the refund is not repaid. The second factor is a real decrease of Personal Income Tax (-2.5%), whose impact on local budgets is discussed in the following paragraph. The increases of EPT and Excise collections were discussed in the previous report as potentially owing to radical administrative measures, including extraction of advance tax payments.

**PIT revenues – one of the key sources of social sector funding – continue to fall at record rates in real terms.** Revenues from personal income tax collected to sub-national budgets – along with equalisation transfers from the central budget – represent the bulk of funding for key social sectors including healthcare, education, social care, culture. As would be expected with falling incomes and rising prices, real proceeds from PIT continued to shrink since November 2008 (see Figure 1). In April 2010, the difference between current monthly revenues and the pre-crisis 2007 benchmark for the same month, in real terms, remained at - 14%. Moreover, the slight seasonal improvement characteristic to this month was much less visible compared to the two previous years.

*Key central taxes which can be used to fund social sector wages, including most services for children, continue to fall in real terms.*

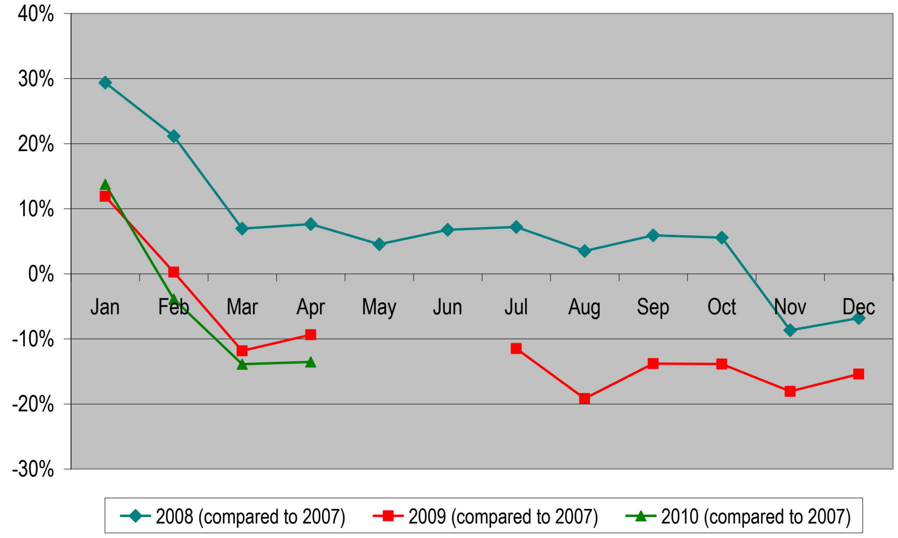
**Table 1. Consolidated Revenue Execution in January-April 2010**
(UAH Millions)

| | | Comparisons to plan | | Comparisons to same period of 2009 | | |
|---|---|---|---|---|---|---|
| | Nominal actual revenues in Jan-Apr 2010 | Temporary half-year plan (for Jan-Jun 2010)* | Actual revenues as % of half-year plan | Nominal actual revenues in Jan-Apr 2009 | % Change in nominal terms | % Change in real terms |
| **Total Revenues** | **95 429,44** | **161 239,03** | **59,19%** | **90 163,43** | **5,84%** | **-4,48%** |
| Value Added Tax | 31 331,88 | 69 998,34 | 44,76% | 29 666,12 | 5,62% | -4,58% |
| Personal Income Tax | 14 804,35 | 22 658,37 | 65,34% | 13 717,06 | 7,93% | -2,55% |
| Enterprise Profit Tax | 10 946,48 | 18 518,65 | 59,11% | 8 679,84 | 26,11% | 13,37% |
| Excise Taxes | 7 593,59 | 13 067,11 | 58,11% | 5 112,47 | 48,53% | 34,18% |
| Land Tax | 2 985,22 | 4 270,77 | 69,90% | 2 579,85 | 15,71% | 4,43% |
| Import Duty | 2 055,47 | 3 544,98 | 57,98% | 1 953,79 | 5,20% | -5,17% |

** Given the delay in approval of the annual Budget Law, official mothly baselines ('rozpys') were not yet released at the time of the report. The table compares actuals to the temporary half-year plan used before the approval of the Budget Law in April.*

Source: Treasury Budget Exectuion Report.

**Figure 1. Change in real PIT collected to local budgets: monthly proceeds in 2008, 2009, and 2010 compared to same periods of 2007**




**The Government continued to cut on investment expenditures, maintain wages, and expand spending in public administration and defence.** Table 2 describes real changes in expenditure levels by key public functions in April 2010 compared to the same period of last year. It reveals:

> **A 5% real contraction of consolidated budget spending.** Unlike previous month, when real expenditures were maintained at about the same level as last year, in April they have actually significantly decreased.

> **Continued policy of maintaining public wages.** The Government has not released any of the staffing norms and so far managed to fund key social sectors approximately at the level of previous year. At the same time, while the real change by all individual sectors was insignificant, it was still slightly worse than in previous month. In Healthcare, expenditures increased by 1,28% in real terms compared to April 2009 (3.9% increase in March); in Education they fell by 0.64% (0.3% decrease in March); in Social Protection and Social Care they grew by 0.38% (compared to 2.4% in March). Spending on Culture and Sports continues to reflect ad hoc programmes related to preparation for Euro-2012 (resulting in an almost 20% real growth).

> **Continued cuts in investment-intensive sectors, especially in Housing and Utilities.** As in March, the biggest real decreases compared to same month of last year, occurred in Economic Activities (-36%) and Housing and Utilities (-63%), which represent areas with biggest concentration of investment programmes. Moreover, spending on Housing and Utilities fell almost three times faster than in March (mostly, housing – but without a possibility to break it down any further).

> **Growing spending on Public Administration and Defence.** The two sectors were the only ones to grow in real terms in April 2010, apart from expenditures related to Euro-2012. At the same time, both grew at a much slower rate than in March: Public Administration – by 18% (compared to 34% last month) and Defence by 5% (compared to 16% last month).

*Consolidated expenditures fell 5% in real terms at the cost of investment programmes.*

*The Government continues to maintain public wages in key social sectors (Education, Healthcare, Social Protection) by cutting on investment expenditures and administratively squeezing tax revenues. At the same time, real spending on defense and public administration grew by 5% and 18% respectively.*

**Table 2. Consolidated Expenditure Execution in January-April 2010**
(UAH Millions)

| | | Comparisons to plan | | Comparisons to same period of 2009 | | |
|---|---|---|---|---|---|---|
| | Nominal actual expenditures in Jan-Apr 2010 | Temporary half-year plan (for Jan-Jun 2010)* | Actual expenditures as % of half-year plan | Nominal actual expenditures in Jan-Apr 2009 | % Change in nominal terms | % Change in real terms |
| **Total Expenditures** | **97 945,37** | **153 551,95** | **63,79%** | **92 857,00** | **5,48%** | **-4,68%** |
| Public Administration | 11 248,78 | 19 698,17 | 57,11% | 8 654,37 | 29,98% | 17,73% |
| Defence | 3 023,83 | 4 677,49 | 64,65% | 2 609,13 | 15,89% | 4,73% |
| Civil Order, Security & Judiciary | 7 477,77 | 11 561,11 | 64,68% | 6 744,57 | 10,87% | 0,18% |
| Economic Activities | 10 262,56 | 16 082,16 | 63,81% | 14 500,06 | -29,22% | -36,19% |
| Environment Protection | 441,17 | 786,88 | 56,07% | 402,63 | 9,57% | -0,72% |
| Housing and Utilities | 823,20 | 1 441,44 | 57,11% | 2 021,91 | -59,29% | -63,00% |
| Healthcare | 11 696,28 | 17 623,55 | 66,37% | 10 427,64 | 12,17% | 1,28% |
| Culture and Sports | 2 714,82 | 4 709,20 | 57,65% | 2 051,62 | 32,33% | 19,58% |
| Education | 22 799,99 | 35 840,99 | 63,61% | 20 712,82 | 10,08% | -0,64% |
| Social Protection & Social Care | 27 456,96 | 41 130,96 | 66,75% | 24 732,26 | 11,02% | 0,38% |

** Given the delay in approval of the annual Budget Law, official mothly baselines ('rozpys') were not yet released at the time of the report. The table compares actuals to the temporary half-year plan used before the approval of the Budget Law in April.*

Source: Treasury Budget Exectuion Report.

## Growing imbalances and concerns

**Although it is difficult to assess revenue trends without proper modelling, some revenue developments raise immediate concerns**:

> **VAT refund arrears continue to grow.** In April, STA reported VAT refund arrears at UAH 28,4 Billion, growing by UAH 6,6 Billion since the beginning of 2010. Opposition claims that the actual arrears are even higher (UAH 32,2 Billion) and that they have grown 1.5 times in April-May[x].

> **About half of the expected transfers from the NBU have already been utilised by end of April.** By end of April, the NBU has transferred to the budget UAH 4,7 Billion out of the budgeted UAH 10 Billion.

> **Privatisation is slow.** By end of April, privatisation proceeds amounted to UAH 155 Million (with the annual budget of UAH 10 Billion).[xi]

**Restructuring of VAT refund arrears into promissory notes at highly unfavourable conditions.** As discussed in the previous report, the 2010 Budget proposes to restructure the stock of VAT refund arrears accumulated by 1 May 2010 into Government promissory notes. The previous report also explained that this decision was highly detrimental to the overall VAT system since it discredited the mechanism of VAT refund as one of its core elements. In May 2010, the plans for restructuring were taken forward to the level of discussing practical details of the future notes. The Government proposes to issue the notes as 5-year Treasury Bills with nominal annual yield of 5.5%. Such conditions were met with extreme dissatisfaction by the business community, which considers proposed terms as irrelevant to the market value of Government's obligations on restructured refund arrears[xii]. Representatives of business associations, taxpayer associations and tax consultant associations commented on the situation as one which shows a loss of trust between the business and the Government[xiii].

*Symptoms of continued reliance on administrative tax squeeze for funding social payments and wages are lowering chances of access to IMF stand-by loan.*

**Staggering negotiations with IMF over release of the fourth tranche of the 2008 stand-by agreement[2].**

> The 2010 Budget was approved at the background of active consultations with the IMF, who insisted on a realistic budget with a deficit no bigger than 6% GDP. While Government approved the Budget with a deficit of 5,3% GDP, they persisted with significant expansion of social payments, raising concerns over reliability of respective revenue forecasts. Moreover, as discussed earlier, the 5,3% indicator was immediately criticised by observers as not accounting for the off-budget deficits in the Pension Fund and Ukraine's NaftoGaz.

> During May-June, negotiations continued, but at a protracted speed and with uncertain results. The two missions (in early May and in early June) concluded with general statements of further plans to discuss ways for co-operation[xiv]. At a press-briefing on 3 June, David Hawley, IMF Senior advisor to External Relations Department refused to comment on the question on how realistic are any hopes that IMF's visits to Ukraine would result in an agreement, or whether such visits only symbolise continued work on narrowing principal differences with Ukraine's Government in views on fiscal targets[xv].

## Emergency tax squeeze: radical, pro-cyclical, alarming

**During May, the Government designed and quickly passed through the Rada a package of changes to tax legislation, aimed at raising additional budget revenues.** The draft law[xvi] was proposed to the Rada on 26 April, voted in first reading two weeks later (11 May), and approved on 20 May (only 8 days later, despite hundreds of proposed amendments which had to be considered)[xvii].

**Table 3. Estimated revenue increases from introduction of Tax Changes based on Draft Law No 6337 (Explanatory Note to First Reading).**

| Revenue source | Expected extra revenues per year (UAH Billion) |
|---|---|
| EPT | 4,5 |
| VAT | 6,9 |
| Excise taxes | 4,1 * |
| Water utilisation fees | 0,7 |
| Natural resource utilisation fees | 0,3 |
| Geological exploration fees | 0,1 |
| **Total** | **16,6** |

** Proposed new rates for excise taxes were reduced in the second reading, but without an amended revenue assessment attached.*

*** Source: KMU Explanatory note to Draft Law #6337.*

[2] For a more detailed background on recent negotiations with the IMF, see the previous issue of this monitoring (January-April 2010).

**In essence, emergency changes aim to expand the tax base for all major revenue sources in an extremely artificial and distortive way.** The new law legalises various tools which would allow to extract additional revenues from all major existing sources. As detailed in Table 3, the Government calculated that proposed changes would bring UAH 16,6 Billion of additional revenues annually. In many cases, these measures are temporary and/or ad hoc, introducing one-off collection opportunity for the current budget. Almost none of the proposed measures is dictated by reasoning of economic efficiency or long-term tax policy objectives.

**Some examples of new tax-extraction measures are listed below.** Detailed analysis of the tax changes is outside of the scope of this note, but some of the key examples of the current Government's approach are listed below.

- **Increase of taxable profits for banking institutions, including a one-off backdated recalculation of past profits to result in an extra ad-hoc tax payment for those past periods.** Amendments decrease the amounts which banks can deduct from their taxable profits, by changing the definition of risks and assets which should be covered by deductible cash reserves and by limiting the overall amount of such reserves to a specified percentage of issued credit. Moreover, any reserves above the new rules which were created after 1 January 2010, but before the changes, would have to be included into current taxable profits – as a one-off extra tax liability. Experts reckon that this new rule would still leave many opportunities for tax optimisation (given the possibilities of manipulations with current definition of risky credits) and is therefore unlikely to significantly expand budget revenues[xviii]. This makes proposed changes not only detrimental for the transparency and buoyancy of the banking sector, but also potentially ineffective even for short-term revenue mobilisation.

*Emergency changes in tax legislation mostly aim to expand the tax base in artificial and distortive way. This is likely to worsen environment for business development, create further risks for economic restoration, and harm most vulnerable population groups.*

- **Legitimisation of VAT refund arrears and decreased flexibility of using credit for input taxation.** As shown in Table 3, the Law puts its biggest revenue raising hope on the modified administration of VAT. Although these changes were presented in the media as ways to improve administration of this tax, most of the changes are directed at administrative extraction of VAT proceeds from all taxpayers above economically justified levels. This includes:
  - Temporary ban on claiming unpaid VAT refund by including them into next period's tax credit (until first reporting period of 2011);
  - Limitation of the period during which businesses can include their input VAT into the tax credit (to three months).

  While the changes do include several measures related to dealing with VAT manipulation schemes, these measures are cosmetic and do not signal fundamental steps in resolving current problems in VAT administration.

- **Blanket increase of excise rates.** Tax changes include significant increases in tax rates for most of the excisable goods. As discussed in the previous report, raising excises without specific prior evidence-based policy evaluation may prove counterproductive: it can leave consumption of addictive substances unchanged but at the same time erode excise revenues[3]. It is equally difficult to assess potential impact of the reform without relevant calculations. Moreover, using excise taxation for policy purposes is often supported by earmarking some of the collected excises to spending programmes with which there is a visible benefit link (e.g. using excise on petrol for road maintenance). However, no such policy was declared

[3] Government use excise taxation for revenue raising as well as a social policy tool, regulating consumptions of certain goods and services. Importantly for children, excise taxation can help to regulate consumption of addictive substances (alcohol and tobacco) which represent significant risks to children (by perpetuating risks of child abuse in addicted families and children's health risks because of exposure to addictive substances). However, in reality, effectiveness of excises as social policy tools is not as straightforward as it may seem, and depends on other strong factors. In particular, the impact of excises on consumption of alcohol and tobacco depends very strongly on the level of taxation in the neighbouring countries and on the strength of related trade barriers (formal and informal). In other words, despite high excises, the bulk of addictive substances can be smuggled to the country if no complementary measures are implemented to address the problem. Thus, raising excises without specific prior evidence-based policy evaluation may prove counterproductive: it can leave consumption of addictive substances unchanged but at the same time erode excise revenues.

for the 2010 amendments, with all extra revenues included as a bulk funding for expanding social programmes.

- **Increase in resource utilisation fees.** The law introduced a number of amendments to setting and indexing rates for utilisation of natural resources which would also increase their overall proceeds to the budgets.

**The changes introduce distortive tax exemptions which favour metallurgical and chemical production industries.** Approved proposals exempts imports of natural gas from payment of VAT. In principle, in a properly functioning system of value added taxation, this change would not have affected either businesses or budget revenues[xix]. Businesses which rely on natural gas are mostly metal and chemical exporters. The VAT they pay on imported gas they should later claim for refund after they export their products abroad. However, given the recent decision of the Government to effectively discontinue refunds, staying within the VAT system became costly for exporters, who cannot claim their VAT back. The whole amount of VAT they pay to the budget falls entirely on their shoulders and jeopardises their competitiveness. Respectively, industries which are entirely exempt from VAT enjoy the privilege of not bearing these costs and risks. Therefore, a decision to introduce this privilege specifically for industries relying on consumption of natural gas – primarily metallurgical and chemical industries – seems politically biased and distortive with regards to other exporters.

**It is notable that despite the fast-tracked manner of consultations between the two readings, they still helped to reduce the scale of fiscal pressure originally proposed by the Government.** Of 200 proposed changes to the draft law approved in first reading, more than a half was accepted. This resulted, e.g., in a much slower increase in proposed excise rates. However, it also eliminated some of more questionable original proposals such as the idea to close current possibilities for small businesses to apply simplified taxation regime[4]. Another notable original suggestion (which was removed) would have required an advance payment of a portion of VAT for the cases of excisable goods (in a size of 20% of respective excise taxes).

**Most changes will become active within the current budget year, violating the Budget Code.** Ukraine's Budget Code requires that all legislative changes which affect budget revenues or expenditures should be approved and published by 15 August of the previous year[xx]. This requirement is violated by approved changes, most of which will take effect immediately and therefore directly impact current year's budget. This circumstance was noted in the official comment of the VR Main Legal Department[xxi].

**Tax changes were approved despite an outcry from experts and business associations.** During the weeks after the proposals were publicised, the media voiced multiple protests from parliamentary members[xxii], business representatives[xxiii] and associations[xxiv], experts[xxv] and journalists. At the same time, Section 8 "Public Consultations" of the Explanatory Note to the draft law was limited to one sentence, saying that: "The Draft Law does not require consultations with the public".

**The approved Law indicates Government's plans to intervene into pricing regulations to limit the impact of growing excises on CPI and therefore shift the burden of growing taxes on to the businesses**. The Government repeatedly stated in the media that proposed increases in excise rates will not affect consumer prices, without giving clear explanation of why that would be the case. At the same time, Article 11 of the approved Law on tax changes requests the CMU, "within the powers specified by Ukraine's Law "On prices and pricing", to ensure that amended excise taxes will be collected without increases of retail prices on goods and services". This norm seems to signal that the Government is planning to use regulatory powers to introduce price ceilings on certain goods and services. Such intervention would radically contradict the economic essence of excise taxation, whose incidence is supposed to fall on consumers of excisable goods, with one of the effects being modified consumption patterns as an element of social policies. If the current increases would be later combined with price regulations on respective goods, this would represent a disguised sales tax on retailers, bringing additional risks to their buoyancy in times of crisis.

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[4] The original proposal required all banks to make sure that enterprises transfer at least 5% of their revenues as personal income tax payable on the payroll of their employees. At the moment, a lot of small businesses use simplified taxation schemes to optimise their payroll tax liabilities (by paying wages to employees registered as individual entrepreneurs). Although this arrangement illustrates weaknesses in current simplified taxation regime, it is equally illustrative of inefficient payroll taxation, which is unsustainable for most small businesses. Imposing current payroll taxation levels on all legally registered enterprises is likely to drive them into shadow rather than improve collection.

## Continued attempts to repair procurement legislation

**New proposals for reforms in public procurement will be voted in June.** Following the unsuccessful attempt to amend procurement legislation in February 2010, which resulted in an explicit disagreement with key international development organisations, the Government has prepared new proposals for a respective Draft Law, which had to be voted in June. The new proposals addressed the earlier concern about the appeal review mechanism, proposing to delegate it to the Antimonopoly Committee and separate it from the policy development function, which would remain with the Ministry of Economy[xxvi]. However, other details of the proposals remained unclear during May, given that the Government presented several versions of the draft, prepared in parallel by the Ministry of Economy and the Presidential Administration[xxvii].

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