

RUSSIA'S STATE BUDGET IN JANUARY–JUNE 2015

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According to the data recently released by the Federal Treasury, over January–June 2015, the federal budget revenues contracted 1.9 p.p. of GDP, and expenditures went up 2.6 p.p. of GDP on the same period of the previous year. Revenues and expenditures of the consolidated budgets of the constituents of the Russian Federation over January–May 2015 increased 1.1 and 0.2 p.p. of GDP on five months of the previous year, respectively. Positive dynamics of the federal budget deficit reduction are observed: by the end of five months 2015, the deficit constituted 3.7% of GDP, and then at the period-end results for six months 2015, it came to barely 2.6% of GDP. Consolidated budget of the RF constituents by the period-end results for five months 2015, was executed with a surplus of 2.0% of GDP.

Dynamics of the main parameters of the budget system currently demonstrate certain stability of the Russian economy. However, sustainability of the state budget system in medium-term raises concern due to the inability to maintain volumes of the Reserve Fund and National Welfare Fund assets at the necessary from the point of view of macroeconomic stability levels.

The preliminary estimates of the federal budget execution in January–June 2015

The federal budget revenues as of the period-end results for January–June 2015, came to 19.2% of GDP (Rb 6,619.4bn) down 1.9 p.p. of GDP on the same period 2014 (Table 1). In absolute terms, the federal budget revenues over six months 2015 contracted by Rb 500.7bn or down 7.0% in nominal terms in comparison with the same period of the previous year. Oil and Gas revenues continued falling and by the period-end results for six months 2015, their volume came to 8.6% of GDP (Rb 2,976.0bn) down 2.4 p.p. of GDP or Rb 727.4bn of their volume against corresponding

period 2014. Meanwhile, non-oil and gas revenues over January–June 2015, up 0.5 p.p. of GDP to 10.6% of GDP (Rb 3,643.4bn) in comparison with six months 2014.

Over six months 2015, the volume of the federal budget expenditures reached 21.8% of GDP up 2.6 p.p. of GDP on the same period 2014. When taken in absolute terms, the federal budget expenditures went up by Rb 1,036.3bn or 16.0%. By the period-end results for January–June 2015, the federal budget was executed with the deficit of 2.6% of GDP (Rb 886.7bn) down 4.5 p.p. of GDP against the surplus balance of the federal budget for the same period 2014. Non-oil and gas deficit up 11.2% of GDP or 2.1 p.p. of GDP against January–June 2014.

Over six months 2015, the federal budget revenues as a share of GDP demonstrated different movement in comparison with the same period 2014 (Table 2). Revenues from the foreign economic activity shank by 3.4 p.p. of GDP on the same period 2014 to 4.5% of GDP or by 41.4% in nominal terms

Table 1

MAIN PARAMETERS OF THE FEDERAL BUDGET FOR JANUARY–JUNE 2014 AND JANUARY–JUNE 2015

	January–June 2015		January–June 2014		Difference	
	bn Rb	% of GDP	bn Rb	% of GDP	bn Rb	p.p. of GDP
Revenues, of which:	6,619.4	19.2	7,120.1	21.1	-500.7	-1.9
Oil and gas revenues	2,976.0	8.6	3,703.4	11.0	-727.4	-2.4
Non-oil and gas revenues	3,643.4	10.6	3,416.7	10.1	226.7	0.5
Expenditures, of which:	7,506.1	21.8	6,469.8	19.2	1,036.3	2.6
Interest	262.6	0.8	200.6	0.6	62	0.2
Non-interest	7,243.5	21.0	6,269.2	18.6	974.3	2.4
Surplus (deficit) of the federal budget	-886.7	-2.6	650.3	1.9	-1,537	-4.5
Non-oil and gas deficit	-3,862.7	-11.2	-3,053.1	-9.1	-809.6	-2.1
GDP estimations	34,447		33,689			

Sources: RF Federal Treasury, Ministry of Finance, Gaidar Institute calculations.

Table 2

RECEIPTS FROM THE MAIN TAXES IN THE FEDERAL BUDGET IN JANUARY–JUNE 2014 AND JANUARY–JUNE 2015

	January–June 2015		January–June 2014		Difference	
	bn Rb	% of GDP	bn Rb	% of GDP	bn Rb	In p.p. of GDP
Tax receipts, total, of which:	5,813.9	16.9	6,533.5	19.4	-719.6	-2.5
- Corporate income tax	267.9	0.8	181.2	0.5	86.7	0.3
- VAT on goods sold in RF	1,303.6	3.8	1,163.1	3.4	140.5	0.4
- VAT on merchandise imported to the territory of RF	784.6	2.3	799.5	2.4	-14.9	-0.1
- VAT on merchandise produced in RF	247.7	0.7	242.1	0.7	5.6	0.0
- Excises on merchandise imported to the territory of RF	21.7	0.06	32.8	0.1	-11.1	-0.04
Mineral extraction tax	1,635.3	4.7	14,65.9	4.3	169.4	0.4
Revenues from the foreign economic activity	1,553.1	4.5	2,648.9	7.9	-1,095.8	-3.4

Sources: RF Federal Treasury, Gaidar Institute calculations.

Over the period-end results for January–June 2015, receipts from the Mineral Extraction Tax (MET) went up 0.4 p.p. of GDP on the corresponding period 2014 to 4.7% of GDP. In nominal terms, growth constituted 11.6%. Proceeds to the revenue part of the federal budget over six months 2015 from domestic VAT increased 0.4 p.p. of GDP and from import VAT shrank by 0.1 p.p. of GDP on six months 2014. Somewhat reduction of the receipts growth rate from domestic VAT should be noted: by the period-end results for five months 2015, federal budget revenues up 13.1% in nominal terms against five months of the previous year, then by the

period-end results for six months 2015 the growth constituted 12.1% against six months 2014.

In nominal terms, revenues generated from domestic VAT grew by 13.1% and from import VAT down 3.4%. In January–May 2015 on five months 2014, the federal budget revenues as a share of GDP generated from domestic excises remained unchanged and came to 0.7% of GDP (increase 5.5% in nominal terms), meanwhile, proceeds from import excises declined 0.04 p.p. of GDP (reduction by 33.7% in nominal terms). In January–May 2015, proceeds generated from the corporate profit tax as a share of GDP up 0.2 p.p. of GDP

Table 3

THE FEDERAL BUDGET REVENUES GENERATED FROM THE USE OF ASSETS IN JANUARY–JUNE 2014 AND JANUARY–JUNE 2015

	January–June 2015		January–June 2014		Difference	
	bn Rb	% of GDP	bn Rb	% of GDP	bn Rb	In p.p. of GDP
Proceeds from the use of state assets, total, of which:	307.7	0.9	193.0	0.6	114.7	0.3
1) Proceeds in terms of profit from share of the charter capital of business partnerships and corporations or dividends from shares owned by the Russian Federation*	0.5	<0.00	74.2	0.2	-73.7	-0.2
2) Proceeds from the allocation of the federal budget assets, including:	132.8	0.4	39.6	0.1	93.2	0.3
- Proceeds from surplus balances on the federal budget accounts and from their allocation**	32.4	0.09	12.9	0.04	19.5	0.05
- Proceeds from the investment of the Reserve Fund assets	50.5	0.1	5.2	0.01	45.3	0.1
- Proceeds from the investment of the National Wealth Fund assets	49.9	0.1	21.5	0.06	28.4	0.08
- Interest from state loans	20.2	0.06	11.4	0.03	8.8	0.02
3) Revenues from transfer by the Bank of Russia of part of profits	137.5	0.4	51.8	0.1	85.7	0.3

* Federal state bodies, Bank of Russia, governing bodies of state extra-budgetary funds of the Russian Federation.

** Minus assets of the Reserve Fund and the National Wealth Fund.

Sources: Federal Treasury of RF, Gaidar Institute calculations.

or 48.6% in nominal terms against the same period 2014. Possibly, inflation rate reduction can be one of the reasons for it slowdown. Meanwhile, reduction of the receipts for export VAT slowed down somewhat: by the period-end results for five months 2015, corresponding receipts of the federal budget shrank by 3.4% than by the period-end results for six months went down by merely 1.9% against corresponding period 2014.

Over January–June 2015 against six months 2014, the federal budget revenues as a share of GDP for domestic excises remained unchanged and came to 0.7% of GDP (up 2.3% in nominal terms). Meanwhile, receipts for export excises shank by 0.04 p.p. of GDP (down 33.8% in nominal terms). In January–June 2015, proceeds generated from the corporate profit tax as a share of GDP up 0.3 p.p. of GDP or 47.8% in nominal terms against the same period 2014.

The structure of the federal budget revenues over six months 2015 against six months 2014, posts a reduction of the share of tax receipts in the overall volume of revenues from 91.8% to 87.8% mainly due to an increase of the revenues ratio generated from the use of assets in the overall volume of revenues from 2.7% to 4.6% (*Table 1 and 3*).

The federal budget revenues generated by the use of assets over six months 2015 up 0.3% of GDP or 1.5 times in nominal terms against the same period of the previous year. Main increment of revenues was ensured by proceeds from transfer of the part of profit of the Bank of Russia up 0.3 p.p. of GDP or 1.6 times in nominal terms and receipts from the investment of the federal budget funds up 0.3 p.p. of GDP or 3.3 time in nominal terms. The federal budget receipts generated from share in the charter capital of business partner-

ships and corporation or dividends from shares owned by the Russian Federation significantly shrank from Rb 74.2bn to Rb 0.5bn over January–June 2015 against the same period of the previous year.

Dynamics of the federal budget revenues generated from the use of public assets reflects sore points of the state sector, such as inefficiency of asset management, commitment to obtain proceeds from the federal budget funds allocation to bank deposits, and lack of incentives to obtain profit. The latter reduces investment attraction of companies with public participation which can become a limiting factor during their privatization. Meanwhile, proceeds from the sale of public assets can be used as principal source of the federal budget deficit financing in medium-term under planned reduction of the Reserve Fund funds by 2018 and when further increase of public borrowing will be rendered as inexpedient.

Over six months 2015 against January–June 2014, the federal budget expenditures (*Table 4*) demonstrated the following changes:

- Expenditure on the national defense up 1.4 p.p. of GDP or up 1.3 times in nominal terms;
- Expenditure under the line “Social policy” up 1.1 p.p. of GDP or up 24.8% in nominal terms;
- Expenditure under the line “National security and law enforcement” as a share of GDP down 0.1 p.p. of GDP; when taken in absolute terms contraction constituted Rb 12.4bn.;
- Expenditure under the line “National economy” and “Education” up 0.1 p.p. of GDP, when taken in nominal terms increment constituted 5.1% and 7.2%, respectively;

Table 4

FEDERAL BUDGET EXPENDITURES FOR JANUARY–JUNE 2014 AND JANUARY–JUNE 2015

	January–June 2015		January–June 2014		Difference in p.p. of GDP
	bn Rb	% of GDP	bn Rb	% of GDP	
Expenditures total, of which:	7,506.1	21.8	6,469.8	19.2	2.6
General state issues	466.1	1.3	428.6	1.3	0.0
National defense	1,969.4	5.7	1,454.9	4.3	1.4
National security and law enforcement	897.2	2.6	909.6	2.7	-0.1
National economy	829.6	2.4	789.1	2.3	0.1
Housing and utilities sector	52.6	0.1	42.0	0.1	0.0
Environmental conservation	30.8	0.09	18.0	0.05	0.04
Education	343.6	1.0	320.7	0.9	0.1
Culture, cinematography	38.1	0.1	41.2	0.1	0.0
Healthcare	206.7	0.6	204.7	0.6	0.0
Social policy	2,004.4	5.8	1,602.8	4.7	1.1
Physical fitness and sports	30.9	0.09	18.5	0.05	0.04
Mass media	38.8	0.1	38.6	0.1	0.0
Servicing state and municipal debt	262.6	0.8	200.6	0.6	0.2
Inter-budget general transfers	335.1	1.0	400.4	1.2	-0.2

Sources: RF Ministry of Finance, Gaidar Institute calculations.

- Expenditure under the line “Inter-budget general transfers” as a share of GDP down 0.2 p.p. of GDP or taken in nominal terms down 16.3%;
- Expenditure on healthcare system as a share of GDP remained unchanged and constituted 0.6% of GDP, taken in absolute terms expenditure on healthcare up Rb 2.0bn;
- Expenditure on public debt servicing up 0.2 p.p. of GDP to 0.8% of GDP or up 30.7% when taken in nominal terms;
- For other lines of the federal budget expenditure changed slightly as a share of GDP within 0.04 p.p. of GDP.

In July 2015, the Ministry of Finance of Russia released two documents regarding public finances¹: report on main directions of raising efficiency of the federal budget expenditures (hereinafter Report) and draft of main directions of the budgetary policy (MDBP) for 2016 and for the planned period of 2017–2018. Tasks set by the Report and aimed at restricting growth of the budget expenditures including on social payments, wages and salaries, state apparatus, are intertwined with main parameters of the federal budget in the MDBP draft: accelerated reduction of expenditures is envisaged from 20.8% of GDP in 2015 to 16.7% of GDP by 2018 in context of further reduction of the federal budget revenues from 17.2% of GDP in 2015 to 16.0% of GDP by 2018 including oil and gas revenues by 0.5 p.p. of GDP to 7.3% of GDP. Nevertheless, so far it is not planned to achieve a surplus balance of the federal budget execution by 2018. In order to cover the federal budget deficit, it is planned to attract funds on the domestic and external financial markets in 2016–2018 to the tune of Rb 1,649.8bn.

Over six months 2015, the aggregate volume the Reserve Fund assets contracted Rb 679.9bn including at the expense of revaluation of assets by Rb 179.8bn, to Rb 4,265.6bn. Moreover, in February 2015, by the Order of the RF Government² part of the amount of the Reserve Fund in foreign currency was sold to the tune of Rb 500.0bn which were allocated to replace shortfall of the federal budget receipts. The MDBP draft stated that to cover the federal budget deficit and shortfall of receipts across the sources of deficit financing in 2015 over Rb 2bn could be spent.

Total amount of the National Wealth Fund (NWF) in the ruble equivalent shrank in January–June 2015 by Rb 187.6bn including due to the exchange rate difference by Rb 178.1bn and as of 1 July 2015 came to Rb 4,200.5bn

In February–April 2015, in compliance with the order of the RF Government³ the following operation with the NWF assets were carried out:

- Rb75.0bn allocated in equity stake of JSC “Yamal SPG”;
- Rb26.0bn were allocated to deposits in VTB bank;
- Rb50.0bn were allocated in preferred equities of JSC “RZD”;
- Rb57.5bn were allocated in preferred equities of JSC “AEK”.
- Rb9.4bn were allocated to co-finance voluntary pension savings of Russian citizens;
- Rb38.4bn were allocated on deposit in Gazprombank.

In compliance with the Decree of the RF Government⁴, total volume of the NWF assets to be allocated for financing of 11 projects comes to Rb815bn. In seven out of eleven projects, the NWF assets in the amount of Rb352.1bn have already been allocated in equity stake.

In October 2014, the Accounts Chamber expressed concerns about the investment risks by large infrastructure projects⁵. Somewhat earlier, the minister of Finance, Anton Siluanov, also noted that “in cases where there is an investment risk of the NWF assets, the projects should be financed from the budget”⁶. It should be noted, that there are grounds for the auditors’ concerns and the principal financial body regarding feasibility of the investment risk of the NWF assets.

Previous experience of financing infrastructure projects from the Investment Fund (IF) revealed significant management problems. However, inefficient procedure and terms of the IF management as carbon-copy were transferred to the NWF projects. First, decisions regarding the use of the NWF assets which represent “part of the federal budget assets subject to separate accounting and management”⁷, should be taken at the level of federal laws within terms and procedures as the budget approval which will ensure the quality of projects’ planning and control over assets investment. Second, invitation of outside consultants to assess the IF projects proved to be wrong. A number of projects which were recommended by the group of consultants and financed from the IF assets were later determined inefficient. Third, comprehensive information about the projects financed from the NWF assets their rationale is inaccessible to the people at large and the

1 <http://www.minfin.ru/ru>

2 Order of the Government of the Russian Federation of 11 February 2015 № 196-p.

3 Of 19 January 2008 № 18 and of 5 November 2013 № 990.

4 Of 5 November 2013 № 2044-p.

5 <http://www.finmarket.ru/news/3836802>

6 <http://finam.info/news/siluanov-nelzya-riskovat-sredstvami-fnb/>

7 Article 96.10. BC in FZ of 25.12.2012 N 268-FZ.

**MAIN PARAMETERS OF THE CONSOLIDATED BUDGETS OF THE RF CONSTITUENTS FOR JANUARY–MAY 2014
AND JANUARY–MAY 2015**

	January–May 2015		January–May 2014		Difference, p.p. of GDP
	Rb bn	% GDP	Rb bn	% GDP	
Revenues*, of which:	3,846.6	13.7	3,493.0	12.6	1.1
- corporate profit taxes	1,103.6	3.9	886.1	3.2	0.7
- personal income tax	1,012.5	3.6	975.9	3.5	0.1
- excises on goods produces in the territory of RF	199.3	0.7	191.9	0.7	0.0
- taxes on total income	175.4	0.6	161.4	0.6	0.0
- property taxes	450.4	1.6	409.9	1.5	0.1
- non-repayable receipts from other budgets of the budget system of the Russian Federation	618.5	2.2	634.3	2.3	-0.1
- revenues from the use of property, of which:	115.9	0.4	109.8	0.4	0.0
proceeds from allocation of budget assets	20.4	0.07	6.6	0.02	0.05
interest generated from extending budget loans inside the country	0.2	<0.00	0.2	<0.00	0.0
proceeds obtained in the form of rent or any other payment for lease of state and municipal property**	85.7	0.3	91.6	0.3	0.0
revenues from lease of state (municipal) property	8.3	0.03	8.2	0.03	0.0
Expenditures	3,302.9	11.7	3,192.2	11.5	0.2
Surplus (deficit) of consolidated budget	543.7	2.0	300.8	1.1	0.9
GDP estimates	28,137		27,728		

* The difference between the total volume of the consolidated budget revenues of the RF constituents and the volume of the tax revenues and non-repayable receipts from other budgets is due to the fact that such receipts as payment for environment pollution, revenues from rendering paid services, revenues from asset sale, etc.

** Except property of budgetary and autonomous institutions as well as property of state and municipal unitary enterprises including state-owned.

Sources: RF Federal Treasury, Gaidar Institute calculations.

reporting system is limited as in case of the IF projects by bureaucratic framework because the reports are submitted to the Ministry of Finance and the Ministry of Economic Development. Four, mechanisms, sources, timeline and periodicity of payback of the NWF assets have not been established.

On a number of projects, approved by the RF Government, for example, regarding the central ring road¹ hurdle rate of the investment of the NWF assets is merely 1.0% above inflation rate and coupon yield payment on bonds will commence only from 2022 which will cut the real value of the NWF assets in seven years. Project ‘Modernization of the railway infrastructure of Baikal-Amur and Trans Siberian railways’ was adopted with a rather vague wording: payback of the NWF assets “is ensured by a feasible sale of cumulative preferred shares of the JSC RZD and/or by establishing targeted investment component in the tariff”.

The expediency of using the NWF assets to finance a project to create of intellectual networks “Infrastructure investments-3” remains in doubt. According to the report for Q1 2015, the number of the company’s employees comes to 1 individual and auditors stressed that “the issuer is at a loss to assess the activity’s results due to lack of actual performance in corresponding sec-

tor” which did not hamper the company to receive the NWF assets in the amount of Rb 1.0bn.

Taking account of the projected federal budget deficit and increase of the public debt volume in medium-term in addition to a reduction of the Reserve Fund assets, it is necessary to develop measures aimed at increasing the quality of projects management financed by the NWF assets and completely exclude lobbying of projects in the interests of certain groups or individuals. It is also necessary to analyze prospects to unite the NWF and the Reserve Fund and to use their assets exclusively within the “budget rule” principle to cover the federal budget deficit.

As of 1 July 2015, the volume of the public debt constituted:

- domestic debt – Rb7,041.3bn (down Rb199.9bn of six months 2015);
- foreign debt – USD51.3bn (down USD3.0 over six months 2015).

Analysis of the main parameters of the consolidated budgets execution by RF constituents in January–May 2015

As reported by the RF Federal Treasury, the *consolidated budgets revenues of the RF constituents* over five months of 2015 amounted to Rb 3,846.6bn or 13.7%

1 The Central ring road (Moscow region)

**CONSOLIDATED BUDGETS EXPENDITURES OF THE RF CONSTITUENTS
FOR JANUARY–MAY 2014 AND JANUARY–MAY 2015**

	January–May 2015		January–May 2014		ODifference, p.p. of GDP
	Rb bn	% of GDP	Rb bn	% of GDP	
Expenditures, total, of which:	3,302.9	11.7	3,192.2	11.5	0.2
General state issues	211.7	0.7	202.8	0.7	0.0
National security and law enforcement	35.2	0.1	32.2	0.1	0.0
National economy	503.8	1.8	490.5	1.8	0.0
Housing and utilities sector	240.9	0.8	245.9	0.9	-0.1
Environmental conservation	7.9	0.03	7.0	0.03	0.0
Education	961.6	3.4	959.2	3.4	0.0
Culture, cinematography	116.2	0.4	110.1	0.4	0.0
Healthcare	506.1	1.8	470.8	1.7	0.1
Social policy	585.8	2.1	551.9	2.0	0.1
Physical fitness and sports	61.8	0.2	60.8	0.2	0.0
Mass media	16.5	0.06	15.4	0.06	0.0
Servicing state and municipal debt	53.9	0.2	41.3	0.1	0.1

Sources: Federal Treasury, Gaidar Institute calculations.

of GDP, which is by 1.1 pp. of GDP, or by 10.1% in nominal terms higher than the same index for January–May 2014 (Table 5). The consolidated budgets expenditure of the RF constituents over five month of 2015, as a share of GDP, went up on the corresponding figure for the same period of 2014 by 0.2 pp. of GDP to 11.7 % of GDP, or Rb 3,302.9bn.

By the period-end of January–May 2015, the consolidated budget revenues of the RF constituents was executed with a surplus of 2.0% of GDP (Rb 543,7bn) up 0.9 p.p. of GDP against budgets surplus of the same period of 2014

Analysis of the structure and movement of tax-generated and non-tax revenues of the consolidated budgets of the RF constituents for January–May 2015 and January–May of 2014 revealed the following trends:

- Increment of profit tax revenues by 0.7 p.p. of GDP to 3.9% of GDP or by 24.5% in nominal terms;
- Increments of personal income tax revenues by 0.1 p.p. of GDP to 3.6% of GDP or by 3.8% in nominal terms;
- Receipts from domestic excises and from total income taxes as a share of GDP remained unchanged and constituted 0.7 and 0.5% of GDP, respectively and went up by 3.8% and 8.7% in nominal terms; respectively;
- Receipts from property taxes as a share of GDP up 0.1 p.p. of GDP to 1.6% of GDP growing by 10% in nominal terms, respectively;
- Reduction of revenues from non-repayable receipts from other budgets of the budget system of the Russian Federation by 0.1 p.p. of GDP to 2.2% of GDP or by 2.5% in nominal terms.

Revenues of the consolidated budgets of the constituents of the Russian Federation obtained from the asset management for five months 2015 as a share of GDP remained at the level of five months 2014 – 0.4% of GDP. At the same time, property lease becomes the main source of receipts which is barely down in nominal terms by 5.8%. Over five months 2015, revenues of the consolidated budgets of the RF constituents increased threefold in nominal terms generated by the allocation of budgetary assets in comparison with January–May 2014, meanwhile, receipts from the interest payments for budget loans remained at the level of Rb0.2bn.

A high level of regional differentiation of revenues obtained from the budget assets allocation and interest payment on loans is observed. For instance, the budget of Khanty-Mansiisk autonomous okrug does not obtain revenues from assets allocation while receipts from the interest payments on budget loans come to Rb 43.0mn. The budget of the Republic of Bashkortostan, on the contrary, has assets allocation as the main source of receipts – Rb800.0mn while receipts from interest payments on budget loans constitute merely Rb0.6mn. It seems to be impossible to reveal the effect of various assets management instruments on the sustainability of the regional financial system and the regional economy.

Expenditure of the consolidated budgets of the constituents of the Russian Federation (Table 6) by the period-end of January–May 2015 across the majority of lines as a share of GDP and in absolute terms barely changed and remained at the level of the corresponding period of the previous year, in particular:

- up 0.1 p.p. of GDP under three lines: “Social policy” to 2.1% of GDP, “Healthcare” to 1.8% of GDP, “Servicing of state and municipal debt” to 0.2% of GDP;
- down 0.1 p.p. of GDP expenditure under the line “Housing and utilities sector” to 0.8% of GDP.

On the whole, dynamics of the federal budget revenues and of the consolidated budgets of the constit-

uents of the Russian Federation in H1 2015 demonstrate some stability of the economy. However, depletion of the assets of the Reserve fund and reduction of liquidity of the NWF can create by the end of 2015 significant medium term risks for the budget system sustainability and the economic situation can impede renewing the assets to the minimum level which ensures the financial system sustainability on the whole. ●