



Ministry of Finance of the Republic of Tajikistan

Budget Performance Report

January - June 2010

Dushanbe

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Introduction

State budget is the most important and key tool for implementation of the priority targets for the development of the State, as well as for the implementation of fiscal policy of the Government of the Republic of Tajikistan through Ministry of Finance and other authorized government institutions.

Central Treasury of the Ministry of Finance of the Republic of Tajikistan is the authorized body responsible for the implementation of the state budget, timely allocation of the funds to budgetary organizations and establishments/ institutions of the country. The Central Treasury is also responsible for the monitoring of spend funds as per their intended purpose.

Budget performance report shall provide the reliable financial information on the collection of revenue and execution of expenditures, defined in the Law “ On State Budget of the Republic of Tajikistan” for the reporting period of the certain fiscal year.

This Report monitors progress on dynamics of the budget performance indicators for the first six months of the 2010 in three languages (Tajik, Russian and English).

In accordance with the decision of the Government of the RT regarding further increase of the extent of access of these data to the wide range of users of budget information, including civil society of the Republic of Tajikistan, the Report is published and posted on official site of the Ministry of Finance¹.

¹ www.minfin.tj

1 Basic macroeconomic indicators

The actual rate of **GDP** growth in first half year of 2010 raised to **7.4%**, which is considerably higher compared to the same indicator for the relevant period of the past year, it witnesses the trend of recovery of the country economy in post- crisis period.

Consumer price index (CPI) for the reporting period did not exceed **2.8%** compared to expected **9%** for the year.

State budget deficit in accordance with the Law On State Budget for 2010 shall not exceed **1%** of GDP level.

It is necessary to note, that in the first six months of 2010 there is an increase in volumes of export **35%** and decrease of import by **6%** for the relevant period of the year. Influence of this dynamics on the economy as a whole presented below.

Table 1-1 Basic macroeconomic indicators

	Jan-June 2008	Jan-June 2009	Jan-June 2010
Gross Domestic Product mln somoni	6562,0	7826,6	9662,1
Rate of GDP growth (nominal)	37,0	19,3	23,5
Rate of GDP growth (real)	105,8	102,8	107,4
Gross volume of the State Budget Revenue, mln somoni	2206,1	2361,2	2560,8
in percent of GDP	33,6	30,2	27,9
Gross volume of the State Budget Expenditures, mln somoni	1795,2	2327,5	2505,2
in percent of GDP	27,4	29,7	16,3
Consumer Price Index (inflation) in average for period in %	8,8	2,8	2,8
Monthly average nominal salary of an employee in TJS	212,63	284,16	348,12
Monthly average nominal salary of an employee in % compared to the relevant period of the previous year	43,2	33,6	22,5

	Jan-June 2008	Jan-June 2009	Jan-June 2010
Export, million USD	789,9	411,4	557,1
Export in %, compared to the relevant period of the previous year	7,3	-48	35,4
Import, , million USD	1535,8	1204,4	1130,5
Import in %, compared to the relevant period of the previous year	35,3	-21,6	-6,1
Trade Balance, million USD	-745,9	-793	-573,4
Exchange rate, USD 1 to TJS 1			
At the period's end	3,4296	4,3955	4,379
Average for the period	3,4434	3,9089	4,3702
Estimated GDP for 2010 25'300 mln somoni			

2 Summary of revenue and expenditures for the first six months of 2010

The indicators of revenue and expenditures of the State budget of the Republic of Tajikistan in the first two quarters of 2010 have reflected relative improvement in nominal terms compared to the expected forecasts of the beginning of the year.

Overall fiscal situation, except external financing of the Public Investment Program (PIP), in general, meets the expected indicators, subject to the budgetary support by all international donors, including the World Bank, Asian Development Bank and the EU.

The Government of the RT puts all efforts to fulfill the conditions of the International Monetary Fund (IMF) concerning state budget deficits targets (1% of GDP in 2010), however the indicator of collectability of tax revenue, is slightly decreased compared to the same period of the last year.

During the first six months of 2010, **94.6%** of the expected revenue has been collected in the State Treasury in this period that makes up **26.5% of GDP (10.1% GDP per annum)**².

In the first half year of 2010, **39,2%** of expected revenue for the whole fiscal year was collected (**6,536.79 mln somoni**, pursuant to the Law On the State Budget of 2010, approved under No. 561 dd. 14th of November 2009).

For the first half of the year, the Ministry of Finance allocated **37%** of the total budget funds for 2010, which is the consequence of the shortfall of revenue collection.

² Please see the Table 2-**Ошибка! Только основного документа.** "Main Macroeconomic Indicators"

The Ministry of Finance, as a rule, timely and fully pays out the interests for foreign debt of the Republic, so, the gross volume of foreign debt reduced to **31.6%** of GDP as of **1 July 2010**. For comparison in 2009, this indicator was **38.2%** of GDP of the last year.

3 State revenue and their execution in the first half of 2010

In the first half of the year, the actual execution of the overall state revenue made up **94.6%** or **2,560.8 mln somoni** compared to the plan for the first half of 2010 (**2707,3 mln somoni**).

The percentage of the budget execution for the first half of 2010 made up **39.2%** of overall index of the expected receipts for the whole year (**6536,7 mln somoni** pursuant to the Law On State Budget for 2010), it witnesses slight decrease compared to the same factor of 2009 – i.e. **41%**.

First of all, it is explained by the low receipts of grants (external) (**51.9%**) and excises (internal and external ones) (**68.5%**).

The overall state revenue and grants slightly decreased and made up **93.5%** of the planned receipts in the first half of 2010 compared with **97.4%** in 2009.

All revenue and grants in the first half of 2010 made up 2,106.6 mln somoni, where **92.8%** out of which made of tax returns.

The tax return in the 1st half of 2010 made up **1954,5 mln somoni** or **7.9%** of GDP, which is in real terms higher than in 2009 (**7.7%**).

The main share of tax returns included **VAT, income and social taxes** that altogether resulted in **83%** of all tax receipts.

Investigating the state budget, it should be noted that like last year the income and social taxes were overfulfilled as **103%** and **105.2%** accordingly whereas VAT (internal and external) was performed at **86,6%**, which is much lower than **93.4%** of the last year. The same tax collection was performed at 100% in local budgets

Table 3-1 State revenue and grants summary (mln somoni)

	Local Revenue				State Revenue			
	Jan-June (expected)	Jan-June (actual)	in % of execution		Jan-June (expected)	Jan- June (actual)	% of execution	
			2010	2009 for compa riso n			2010	2009 for compa riso n
Overall revenue and grants	646,4	697,5	107,9	99.2	2253,2	2106,6	93,5	97.4
Overall revenue	646,4	697,5	107,9	99.4	2213,7	2086,2	94,2	97.3

Tax returns	609,7	663,6	108,8	98.4	2085,9	1954,5	93,7	97.5
Income taxes	221,1	251,6	113,3	100.8	351,0	361,6	103,0	104.4
Social taxes	0	0	--	---	245,3	258,0	105,2	100.8
Property and land taxes	64,0	67,0	104,7	98.4	64,0	67,0	104,7	105.8
Sales Tax	47,4	53,7	113,3	98.1	76,8	88,4	115,1	99.7
VAT (internal and foreign)	182,8	182,6	99,9	92.7	1017,5	881,3	86,6	93.4
Excises (internal and foreign)	7,0	5,7	81,4	63.1	108,2	74,4	68,8	101.1
Other foreign taxes	0,0	0,0	--		107,9	101,2	93,8	87.1
Other internal taxes for trade and transactions	60,2	67,7	112,9	100.2	89,0	87,2	98,0	105
Non-tax receipts	27,4	33,8	123,4	122.7	127,8	131,7	103,1	86.1
Grants				98.3	39,3	20,4	51,9	100

The lowest tax revenue performance at half of the year is mostly explained by low outturn in **excises and grants (68.8% и 51,9% accordingly)**, although in 2009 these indicators were fulfilled to 100% (**101.1% and 100% accordingly**).

In spite of decrease in the volumes of imported taxable goods: grain to 31.7 thousand tones, oil products to 40.8 thousand tones, mineral fertilizers to 38.9 thousand tones, customs duties were executed to 93.8% in the first half of 2010.

Outstanding liabilities of the large tax -payers also have affected the negative dynamics of the tax collection. So, SUE Talco owes **4.0 mln somoni**, OJSPC "Barki Tojik" – **4.6 mln somoni**, OJSC "Tajiktelecom" – **4.3.mln somoni**. Overall, **seven types of taxes³** are not executed fully.

In spite of continuing decline in production of cotton fiber by **28.9%** during the 6 months of 2010 compared to the relevant period of 2009⁴, the tax returns from cotton fiber sales were fulfilled to **120%**. Revenue from cotton fiber sales made up **35.5 mln somoni**, which is **96.5%** of total taxes for the first half of 2010.

According to the statistics, in spite of reduction in production of raw cotton there is an increase in export of cotton fiber to **82.6%** or to **30 million USD⁵**.

³ Please see more detailed information in Appendix

⁴ Source: State Statistical Agency under the President of RT, Social and Economic Situation of RT (January-June 2010), p. 158

⁵ Source: State Statistical Agency under the President of RT, Social and Economic Situation of RT (January-June 2010), p. 230.

4 State budget expenditure summary

State budget performance summary in economic and administrative classifications is reflected in the section 4.1. There is a more detailed table of the protected expenditures in accordance with the approved Law of the Republic of Tajikistan “On State Budget for 2010” (No 561) dd. 14th of November 2009 in the section 4.2. They reflect republican and local budget performance, as well as pension payments in the first six months of the current year.

4.1 State budget summary by economic and administrative classification in first half year

Aggregate state expenditures and net lending comprised **2,505.3 mln somoni** at half a year, **or 25.9% of GDP (9.9% of annual GDP)**. The Government carried out a cautious financing policy in 2010, mainly on releases for social sector expenditure, and the indicator for expenditure budget outturn for the first six months is **37%** of the master plan of state budget annual expenditure (**6,781,799 mln somoni** in accordance with the Law of the Republic of Tajikistan “On State Budget for 2010”). Social sectors are still the priority recipients of budgetary funds and donor resources throughout 2010.

Table 4-1 State budget performance in half year by economic classification

	Plan	Executed	Jan- June , % executed	
			2010	2009 for comparison
Total state budget	3 152,70	2 505,25	79,5	88.0
Operating costs	2 603,00	2 149,87	82,6	88.0
1. Labor compensation (wages)	564,5	522	92,5	92.0
Recurrent expenditure (excluding wages)	2038.5	1627.7	79.8	86.8
2. Costs for goods and services	946,1	809,6	85,6	86.4
3. Interest payments	147,9	50,3	34,0	84.9
4. Subsidies and other current transfers	944,5	767,8	81,3	87.3
Capital costs	464,7	318,7	68,6	86.8
Lending minus repayment	72,5	28,5	39,3	95.4

Recurrent expenditures made up **2,149.9 mln somoni** or **85.8%** of the overall state budget at half year, and were executed at **82.6%** due to the delays in allocation of financial funds for procurement of goods and services caused by long tender processing terms by tender committee of the Agency on Procurement of Goods, Works and Services under the Ministry of Economic Development and Trade of the Republic of Tajikistan.

Capital expenditures made up **318.7 mln somoni** or **12.7%** of the state budget for the half year and dominantly includes costs for centralized capital investments (construction, reconstruction and procurement of buildings), as well as costs for equipment and vehicles procurement.

The Government of the Republic of Tajikistan considers the financing of the Rogun HPP construction as an important priority. So, in the first half of 2010 an amount of **271, 1 mln somoni** was allocated to fill the statutory fund of OJSC "Rogun HPP", which is **73.3%** of the plan.

The government of RT continues promotion of reforms in social sectors. With regards to reforming in wage system of the state employees, the Ministry of Finances intends to keep on implementation of reforms. Implementation of social protection projects are going on, this is a program for financing of the rural areas aiming at preserving existing and creating new jobs.

In relation to the destructive effects of floods in Kulyab region, those suffered from the flood received assistance in amount of **6.29 mln somoni** out of budget and special reserve funds under the aid program against natural disasters.

The interest payments resulted in **34%** at the end of first half year due to unstable dynamics of exchange rate of Tajik Somoni against US Dollar. So, the payments of foreign and internal debt in the first half of 2010 constituted **28,61 million USD**, out of which **16.73 million USD** are paid for principal amount of debt and **11.88 million USD** made up the interest payments.

Due to continuous consequences of the economic crisis, which inevitably affected the state budget, the Government of the Republic of Tajikistan followed the conservative approach in execution of expenditure part of the budget. Giving priority to wages and other recurrent expenditures, the budgets of capital costs reduced.

4.2 Republican statutory expenditures summary by administrative classification

With introduction of the new administrative segment (classification), that served as basis for the formation of the republican budget of 2010 for the first time. This allowed presenting of the budget across budget organizations and institutions, financed out of the relevant budgets, completely meeting the requirements of international standards.

Administrative classification presents the list of all budget organizations and establishments financed from the budget, and systemized into three-level hierarchy of financial reporting. So, the Administrative classification outlines the borders of the general government sector, both central and local levels.

Currently, the Administrative classification is approved for budget organizations of the Republican level only. Administrative classification of budget organizations of local level is planned to be approved in 2011.

The table 4-2 reflects the execution of budget for the first half of 2010 across budget organizations of the first level – Main Administrators of budget allocations (MABA)

Table 4-2 Republican budget statutory items by administrative classification (mln somoni)

	Plan	Actual	% execution
Total republican budget	1 886,8	1 362,4	72,2
Special funds	157,7	157,7	100,0
Main decision-makers on budget funds (MDMBF)	1 729,1	1 204,7	69,7
Executive Office of the President of the Republic of Tajikistan	136,3	59,1	43,4
Civil Service Department under the President of the Republic of Tajikistan	1,6	1,0	62,5
Agency on State Financial Control and Fighting Corruption under the President of the Republic of Tajikistan	5,4	4,3	79,6
Agency on Drug Control under the President of the Republic of Tajikistan	1,9	1,7	89,5
National Guard of the Republic of Tajikistan	14,6	11,1	76,0
Ministry of Justice of the Republic of Tajikistan	17,7	17	96,0

	Plan	Actual	% execution
Ministry of Agriculture of the Republic of Tajikistan	25,0	22,0	88,0
Ministry of Internal Affairs of the Republic of Tajikistan	87,6	64,5	73,6
Ministry of Defense of the Republic of Tajikistan	46,0	38,7	84,1
Ministry of Foreign Affairs of the Republic of Tajikistan	33,4	20	59,9
Ministry of Education of the Republic of Tajikistan	56,9	48,4	85,1
Ministry of Healthcare of the Republic of Tajikistan	32,6	27,4	84,0
Ministry of Labor and Social Protection of the Republic of Tajikistan	49	31,7	64,7
Ministry of Finance of the Republic of Tajikistan	432,3	263,7	61,0
Министерство культуры of the Republic of Tajikistan	18,3	15,8	86,3
Министерство экономического развития и торговли of the Republic of Tajikistan	45,8	37	80,8
Министерство мелиорации и водных ресурсов of the Republic of Tajikistan	27,9	20,3	72,8
Ministry of Transport and Communications of the Republic of Tajikistan	40,6	33	81,3
Ministry of Energy and Industry of the Republic of Tajikistan	417,7	311,1	74,5
State Committee of National Security the Republic of Tajikistan	54,4	34,3	63,1
State Committee of Statistics of the Republic of Tajikistan	19,2	11,9	62,0
State Investment Committee and Management of State Property of the Republic of Tajikistan	3,3	0,7	21,2
Tax Committee under the Government of the Republic of Tajikistan	9,5	7,9	83,2
Women Affairs Committee under the Government of the Republic of Tajikistan	0,7	0,3	42,9
Youths, sport and tourism affairs committee under the Government of the Republic of Tajikistan	6,9	5,3	76,8
Television and radio broadcasting committee under the Government of the Republic of Tajikistan	17,7	15,1	85,3
Emergency and civil defense committee under the Government of the Republic of Tajikistan	8,1	5,7	70,4
Комитет по охране окружающей среды under the Government of the Republic of Tajikistan	9,3	7,1	76,3
Customs services under the Government of the Republic of Tajikistan	7,2	5,2	72,2
Agency on land management, geodesy and mapping under the Government of the Republic of Tajikistan	6,2	3,1	50,0
Construction and architecture agency under the Government of the Republic of Tajikistan	1,4	0,8	57,1

	Plan	Actual	% execution
Agency on standards, metrology, certification and trade inspections under the Government of the Republic of Tajikistan	0,5	0,4	80,0
Head archive department under the Government of the Republic of Tajikistan	0,5	0,2	40,0
Head department on state inspection after safe operations in industry and mines inspectorate under the Government of the Republic of Tajikistan	0,3	0,2	66,7
Head department of state secrets protections under the Government of the Republic of Tajikistan	0,7	0,4	57,1
Academy of Sciences of the Republic of Tajikistan	7,6	6,1	80,3
Academy of Agricultural Sciences of the Republic of Tajikistan	3,2	2,7	84,4
Central Election Commission on Elections and Referendums	2,5	2,5	100,0
Agency on state material resources under the Government of the Republic of Tajikistan	45,4	41	90,3
Head geology Department under the Government of the Republic of Tajikistan	1,5	0,8	53,3
Constitutional Court of the Republic of Tajikistan	0,5	0,4	80,0
Supreme Court of the Republic of Tajikistan	1,5	1	66,7
Supreme Economic Court of the Republic of Tajikistan	0,6	0,5	83,3
Board of Justice of the Republic of Tajikistan	5,9	4,9	83,1
General Prosecutor Office of the Republic of Tajikistan	7,8	5,8	74,4
Majlisi millii Majlisi Oliy of the Republic of Tajikistan	1,2	0,9	75,0
Majlisi namoyandagon Majlisi Oli of the Republic of Tajikistan	8,2	7,6	92,7
Antimonopoly Service of the Republic of Tajikistan	0,3	0,06	20,0
Office of Commissioner for Human Rights in the Republic of Tajikistan	0,4	0,3	75,0
SUE " Khojagii Manziliu Communalii "	5,7	3,6	63,2
Language and Terminology Committee under the Government of the Republic of Tajikistan	0,3	0,1	33,3

The annual budget performance report shall contain information **that is more detailed across recipients of budget funds (RBF).**

Concerning budget expenditure the Ministry of Finance intends:

- (i) Protect priority recurrent expenditures items related to implementation of various reforms (e.g. public sector wage reform), and also other socially-oriented expenditure items (transfers, compensations, allowances, pensions)

- (ii) In every possible way to reduce the consequences of the financial crisis for the account of more balanced execution of the state budget and timely funding of prioritized development directions
- (iii) Reduce capital expenditures and purchase of equipment and transport vehicles, as well as some other recurrent expenditure (e.g. including expenditures for business trips and other benefits of civil servants during business trips)

It is very important to mention, that fiscal space of the Government is quite limited and mostly depends on budget support from the donor community.

4.3 Social Sector Performance at Half-Year

4.3.1 Education

The Republican budget of the education sector in the first half of 2010 was executed to **91.6%**, which is **50.2 mln somoni**. Most part of it are made out of expenditures for functioning of high schools, post-secondary specialized and technical education and other activities in field of education (including applied researches)

Table 4-3 State budget education sector expenditures (mln somoni)

			Plan	Actual	% of execution
4 Education			57,9	50,2	91,6
	4.1 Primary education		0	0	--
		Labor compensation (wages)	0	0	--
		Recurrent expenditure (excluding wages)	0	0	--
		Capital expenditure	0	0	--
		Subsidies and other current transfers	0	0	--
	4.2 Secondary education		15,7	15	95,7
		Labor compensation (wages)	8,9	8,5	93,1
		Recurrent expenditure (excluding wages)	6,7	6,4	96,2
		Capital expenditure			
		Subsidies and other current transfers	0,03	0,02	87,5
	4.3 Higher and post-secondary education		36,6	30,7	88,7
		Labor compensation (wages)	16,3	14	89,4
		Recurrent expenditure	13,8	10,9	88,5

			Plan	Actual	% of execution
		(excluding wages)			
		Capital expenditure			
		Subsidies and other current transfers	6,4	5,7	88,5
	4.4 Education, non dividable by levels		2,3	1,9	80,4
		Labor compensation (wages)	1	0,9	81,8
		Recurrent expenditure (excluding wages)	1,2	0,9	79,8
		Capital expenditure			
		Subsidies and other current transfers	0,02	0,02	100
	4.5 Other activities in education sector		3,2	2,4	77,7
		Labor compensation (wages)	1,3	1	81,4
		Recurrent expenditure (excluding wages)	1,6	1,2	76,2
		Capital expenditure			
		Subsidies and other current transfers	0,22	0,21	91,7

The reason of failure to execute the Republican budget on its certain items in education sector is in the specifics of its expenditures. On item "Operational maintenance of buildings and facilities" – all expenditures are planned for the 3rd quarter of the current year, as the repair works are carried out during summer school holidays. Under the item "Procurement of equipment, plant and inventory which are fixed assets", as well under the item "Library funds" are also planned for the 3rd quarter, as well as school desks, desks and chairs, books are procured before the beginning of the new academic year. Under the item "Stipend" – the stipends to students for the summer period are paid out in September on the results of the summer semester. Under the item "Business trip expenditures" – considering financial crisis, most budget organizations seriously approached the issue of business trip expenditures and started wide use of communication means for collection of required information.

4.3.2 Health

The Republican budget for the health sector in the first half year performed at **87.4%** and makes up **19.2 mln somoni**, it mostly includes costs for operation of hospitals and other activities in health sector (including applied research). In general, the healthcare budget makes up **1.5%** of the Republican budget in all its branches. Due to this, it worth mentioning, that most part of the subsidies, transfers to population and other costs for procurement of goods and services for policlinics and hospitals are under subordination of local budgets, whereas the Republican budget funds are allocated to different

specialized establishments: oncological, psychoneurological and tuberculous hospitals, clinical and cardiological rehabilitation centers, as well as various dispensaries and stations.

Table 4-4 State budget health sector expenditures (mln somoni)

			Plan	Actual	% of execution
5 Health			22,3	19,2	87,4
	5.1 Hospitals		17,22	14,92	86,6
		Labor compensation (wages)	9,4	8,4	81,4
		Recurrent expenditure (excluding wages)	7,8	6,5	89,5
		Capital expenditure	0	0	
		Subsidies and other current transfers	0,02	0,02	100
	5.2 Polyclinics		0,25	0,25	100
		Labor compensation (wages)	0,2	0,2	70
		Recurrent expenditure (excluding wages)	0,05	0,05	90,1
		Capital expenditure	0	0	
		Subsidies and other current transfers	0	0	
	5.3 Public health		1,5	1,3	86,6
		Labor compensation (wages)	1	0,9	84,6
		Recurrent expenditure (excluding wages)	0,5	0,4	90,7
		Capital expenditure	0	0	
		Subsidies and other current transfers	0	0	
	5.4 Other activities in health sector		2,9	2,5	86,2
		Labor compensation (wages)	0,5	0,4	80,3
		Recurrent expenditure (excluding wages)	2,4	2,1	83
		Capital expenditure	0	0	
		Subsidies and other current transfers	0	0	

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In health sector there is a trend of failure of budget performance reasoned mostly by communal services. Due to energy shortages in winter periods, the regions were having energy supply on hourly basis. Upon the Provision of the Government of Tajikistan, all budgetary organizations started to use energy-saving bulbs, which resulted in considerable savings in energy consumption. It reflected on reduced amounts in energy bills. With regard to water consumption in all state organizations there are water meters installed which resulted in efficient water consumption patterns. Due to weather conditions, the heating season has finished early this year, according to the order of the Government of RT about the completion of heating season in February. Under the item, "Communication expenditures" there are savings in the costs due to reduced business trips. Given quite well developed network of the mobile communication throughout the country, all required information from the budget organizations is obtained via communication means in all distant rayons. Due to lack of gas in the Republic, there are no gas consumption costs.

4.3.3 Social insurance and social protection

The Republican budget for the social protection sector in the first six months of 2010 performed at **91.2%**, which is **20.6 mln somoni**. This amount constitutes costs for operation of boarding schools for children, day care centers for elderly people, vocational schools for handicapped children, as well as payment of compensations and other aids to population as transfers and lending to immigrants.

Table 4-5 Social insurance and social protection

		Plan	Actual	% of execution
6	Social insurance and social protection	23,6	20,6	91,2
	6.1 Social insurance	5,3	4,1	74,2
	Labor compensation (wages)	0,3	0,3	98,9
	Recurrent expenditure (excluding wages)	4,5	3,5	70,3
	Capital expenditure			
	Subsidies and other current transfers	0,4	0,2	75,2
	Internal lending (emigrants)	0,9	0,6	
	6.2 Social protection	8,1	7,7	97,7
	Labor compensation (wages)	3	2,8	95,1
	Recurrent expenditure (excluding wages)	5	4,8	98,1
	Capital expenditure			
	Subsidies and other current transfers	0,09	0,09	100
	6.3 Other activities in sector of social protection and social insurance of the population	10,2	8,7	89,6
	Labor compensation (wages)	3,4	3,1	90,3
	Recurrent expenditure (excluding wages)	3,1	2,7	89,3
	Capital expenditure			
	Subsidies and other current transfers	3,6	2,8	91,2

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The reasons for the failure to fulfill the budget in social protection sector mainly fall under the item "Financing of migrants" – payment is conducted against submitted payment requests of the State Agency for Social Protection and Migration of RT, which in its turn, receive the claims for financing of migrants from chairmen of Hukumats of the Republic of Tajikistan.

Under the item "Operational maintenance of the buildings and facilities" – the expenditures are planned in the 3rd quarter of the current year. Under the expenditure item "Food compensation" – all boarding schools are provided with grant assistance from private persons and international organizations whereas saved funds for food compensation are used for winter period reserves.

For example, the Yavan day care centre for elderly people saved budget funds under food compensation item to the amount of 120,000.00 TJS. According to the letter of the State Agency on Social Protection and Migration of RT, there is an intention to shift some costs from food compensation item to other items of expenditure starting from the 3rd quarter.

4.4 Local budgets performance summary in social sector

Table 4-6 Social expenditures of local budgets (mln somoni)

		Jan-June (plan)	Jan-June (actual)	% execution
Total local budgets		789,5	708,2	89,7
4 Education		316,1	277,1	87,7
4.1 Primary education		20,1	17,8	88,6
	Labor compensation (wages)	10,0	8,9	88,6
	Recurrent expenditure (excluding wages)	9,3	8,2	88,0
	Capital expenditure	0,8	0,8	97,2
	Subsidies and other current transfers	0,0	0,0	--
4.2 Secondary education		278,3	247,4	88,9
	Labor compensation (wages)	214,4	206,4	96,3
	Recurrent expenditure (excluding wages)	48,4	24,9	51,4
	Capital expenditure	15,5	16,0	103,2
	Subsidies and other current transfers	0,0	0,5	2537,0
4.3 Higher and post-secondary education		5,5	4,9	87,6
	Labor compensation (wages)	2,8	2,6	92,2
	Recurrent expenditure (excluding	2,4	1,9	78,5

		Jan-June (plan)	Jan-June (actual)	% execution
	wages)			
	Capital expenditure	0,3	0,4	115,0
	Subsidies and other current transfers	1,3	1,2	94,0
	4.4 Education, non dividable by levels	0,4	0,4	93,1
	Labor compensation (wages)	0,3	0,3	98,7
	Recurrent expenditure (excluding wages)	0,1	0,1	97,2
	Capital expenditure	0,0	0,0	46,1
	Subsidies and other current transfers	0,0	0,0	--
	4.5 Other activities in education sector	11,8	6,7	56,8
	Labor compensation (wages)	5,1	4,7	91,3
	Recurrent expenditure (excluding wages)	4,6	1,4	29,8
	Capital expenditure	2,1	0,7	31,7
	Subsidies and other current transfers	0,0	0,0	--
	5 Health	106,7	94,7	88,7
	5.1 Hospitals	56,1	50,8	90,5
	Labor compensation (wages)	37,0	31,8	86,0
	Recurrent expenditure (excluding wages)	16,0	16,1	101,0
	Capital expenditure	3,2	2,9	89,8
	Subsidies and other current transfers	0,0	0,0	48,9
	5.2 Polyclinics	37,5	32,2	85,7
	Labor compensation (wages)	32,3	28,2	87,2
	Recurrent expenditure (excluding wages)	4,7	3,5	74,3
	Capital expenditure	0,5	0,4	94,6
	Subsidies and other current transfers	0,0	0,0	74,5
	5.3 Public health	8,5	6,3	74,3
	Labor compensation (wages)	6,4	4,8	75,2
	Recurrent expenditure (excluding wages)	1,8	1,3	74,9
	Capital expenditure	0,3	0,2	51,0

			Jan-June (plan)	Jan-June (actual)	% execution
		Subsidies and other current transfers	0,0	0,0	480,1
	5.4	Other activities in healthcare sector	4,6	5,4	118,2
		Labor compensation (wages)	1,9	1,6	84,5
		Recurrent expenditure (excluding wages)	2,2	1,9	88,0
		Capital expenditure	0,5	1,8	409,7
		Subsidies and other current transfers	0,0	0,0	--
		6 Social insurance and social protection	11,4	10,6	92,8
	6.1	Social insurance	8,2	8,0	96,8
		Labor compensation (wages)	0,0	0,0	--
		Recurrent expenditure (excluding wages)	8,2	7,9	96,6
		Capital expenditure	0,0	0,0	--
		Subsidies and other current transfers	8,2	7,8	95,5
		Internal lending (emigrants)	0,0	0,0	--
	6.2	Social protection	2,9	2,4	83,5
		Labor compensation (wages)	1,5	1,1	73,9
		Recurrent expenditure (excluding wages)	1,3	1,3	101,6
		Capital expenditure	0,1	0,0	26,5
		Subsidies and other current transfers	0,1	0,4	252,4
	6.3	Other activities in sector of social protection and social insurance of the population	0,3	0,2	72,7
		Labor compensation (wages)	0,2	0,2	84,8
		Recurrent expenditure (excluding wages)	0,1	0,0	53,1
		Capital expenditure	0,0	0,0	10,2
		Subsidies and other current transfers	0,0	0,0	--

5 Review of protected items of SASIP expenditures

Budget of the social protection fund (SPF), which is administered by the State Agency on Social Insurance and Pensions, comprised **392.5 mln somoni** at half year, whereas **88.9%** of them represent pension payments.

State Agency of Social Insurance and Pensions (SASIP) of the Ministry of Labour and Social Protection of the Population of the Republic of Tajikistan carries on activities under the technical assistance provided by the representative network of the State bank "Amonatbank" throughout the country.

Overall SASIP budget performance at half year constituted **88.3%**, which is lower against indicators of the last year (**89.7%**)

Subsidies and other current transfers to the population were funded at **90.5%**, dominantly due to pension payments.

Table 5-1 SASIP items summary by economic classifications (mln somoni)

	Jan - June (budget)	Jan-June (outturn)	% execution
SASIP Fund	392,5	346,5	88,3
Labor compensation and employers' contribution	1,5	1,3	86,7
1.1. Labor compensation (wages)	1,2	1	83,3
1.2. Employers' contributions	0,3	0,3	100,0
Payment for the communication services	0,74	0,61	82,4
2.4. Payment for the communication services	0,7	0,6	85,7
Subsidies and other current transfers	332,6	301	90,5
4.4. Transfers to the population	387,5	341,9	88,2
4.4.1. Stipends	0,5	0,4	80,0
4.4.2. Pensions	349	314	90,0
4.4.3. Food compensation	0	0	
4.4.4. Compensation for other goods	0	0	
4.4.5. Allowances	1,1	0,7	63,6
4.4.6. Utility compensatory payments	27,9	19,5	69,9
4.4.7. One-time lump-sum payments	0,1	0,2	200,0
4.4.8. Other compensation payments	8,9	7,2	80,9

	Banking fee (1%)	2,6	2,3	88,5
	Repayment of the short-term loan	2	0	0

The administrative fee of 1% of the transferred amounts presents costs for the banking services to "Amonatbank" throughout the country for the payment of various budget social items, including pensions and compensation payments to the population. Pensions in the first half year made up **14%** of the state budget plan and were executed by State Agency of Social Insurance and Pensions (SASIP) to **98.5%** (which was **91%** in 2009) compared to the planned indicator for the first half of 2010. The expenditures on pensions made up **355.3 mln somoni**.

In first turn, the pensions are paid to recipients in Dushanbe, then to the Rayons of the Republican Subordination (RRS), afterwards to GBAO, and, finally to other regions and rayons of the country.

Table 5-2 Pensions distribution at half year by regions and districts (mln somoni)

	Plan	Actual	% of execution
TOTAL	360,6	355,3	98,5
Soghd region	80,7	76,9	95,3
Khatlon region	63	61,2	97,1
GBAO	7,7	7,7	100
RRS, including:	42,1	47,6	113,1
Tursunzade	7	7,2	102,9
Fayzabad	1,3	1,5	115,4
Rudaki	6,2	5,9	95,2
Gissar	5,9	5,6	94,9
Rasht	1,9	2,1	110,5
Djirgital	1	1	100
Nurabad	0,9	0,9	100
Tajikabad	0,5	0,5	100
Tavildara	0,4	0,5	125
Vahdat	4,8	4,9	102,1
Shahrinav	1,4	1,4	100
Varzob	1,3	1,4	107,7
Rogun	9,5	14,7	154,7
Dushanbe (capital)	137,7	129,7	94,2
SOEs	14,4	17,2	119,4
Subvention	15	15	100

Today there are no debts on pensions all over the Republic, and those payments are made on time. The index of financing requirements reflects the plan for the first half year, adjusted with consideration of new registered retired employees for the reporting period. This is why this index, very often, exceeds the usual planned figures, but it also can decrease due to death or departure of the retired to other place of living.

As of 1st of July 2010, there are **558 104** pensioner officially registered, **471 684** out of which are labour retired.

Most part of the revenue are flowing in during the last 3-5 days of each month, and it is practically difficult to distribute those funds to pensions funds and deliver to each pensioner in time between 25th day of the previous month and 10th day of the next month.

Besides, the forecast of monthly growth in the number of pensioners and total amount of revenue, which are filling the pension fund, is quite an effort and time consuming complex task, considering shortage in technical and staff potential in state agencies.

Moreover, the existing system involves too many establishments in the process: SASIP, the Ministry of Finances, the Tax Committee, local authorities, "Amonatbank", etc. This is why the forecasting, planning, performance and monitoring system of social transfers and pensions is a very complex task for the Government of the Republic of Tajikistan, and required serious technical modernization and reforming under the financial support of donors' community..

6 Local government budget overview

The section of the state budget performance report of the Republic of Tajikistan for the first half year covers performance of the local budgets in the first six months of 2010.

The given tables reflect plans and actual execution of revenue and expenditures for the first half year, as well as the percentage of the execution in relation to the approved plan.

The overall result of local budget performance on revenue and expenditures are given on sections 6.1 and 6.2, supported by the detailed tables on execution of budgets by local authorities with breakdown by every region and rayons of the republican subordination. The section 6.3 with two chapters 6.3.1 and 6.3.2, reports on indexes of budget execution by local authorities, which receive and do not receive subventions from the republican budget.

6.1 Local government revenue performance

The local budgets revenue and grants performance (**107.9%- 697,5 mln somoni**) for the first half year is considerably higher **of than** the same indicator on state budget revenue performance for the whole country (**93.5%- 2106,6 mln somoni**).

The tax receipts made up **108.4%** of plan or **2.6% of GDP** at the end of the first half year, which is higher **than** in 2009 (**98,4% и 2,4%** accordingly). Most part of the receipts in the first half are made of

VAT , income taxes and revenue taxes, which together constitute an amount of **523,2 mln somoni** (i.e. **75%** of all receipts to local budgets) compared to **395 mln somoni** in 2009 (**76.4%** of all tax returns). In the first six months, the State Treasury received **51.7%** (**40.8%** in 2009) of all expected receipts in accordance with the forecasted annual indicators. **This is a promising indicator that the remained part will be collected in the second half of the year**, taking into account the fact that collection rate of most part of revenue fall within the last two-three months of the fiscal year. The local **governments tax** revenue share made up **34%** (**31.4%** in 2009) of all state budget tax **revenues are came to hand** within the first half of 2010.

Table 6-1 Execution of revenue of local authorities in half year (mln somoni)

	Local revenue (forecast)*	Grants (subventions) from the republican budget (actual)**	Compiled receipts (executed)	Grants (subventions) to local budgets (% of total revenue)	Execution of revenue (in %)	
					2010	2009 for comparison
GBAO	7,4	27,9	8,4	333,1	113,7	102,3
Khatlon region	116,2	69,1	121,9	56,7	104,8	80,6
Sogd regions	196,5	0,0	204,9	0,0	104,3	109,9
Dushanbe	240,5	0,0	268,2	0,0	111,5	105,0
Vahdat	11,1	3,6	11,8	30,7	106,4	81,2
Roghun	6,4	0,0	8,3	0,0	129,7	116,3
Turnsunzade	20,8	0,0	22,8	0,0	109,6	88,7
Varzob	2,7	1,7	2,7	62,1	99,6	71,7
Rasht	2,4	4,7	2,7	176,9	108,7	94,9
Hissar	14,9	0,0	15,4	0,0	103,3	91,7
Jirgital	1,3	4,2	1,3	331,6	100,7	98,4
Nurabad	1,3	3,6	1,3	277,1	101,3	103,0
Rudaki	18,9	0,0	20,7	0,0	109,2	97,1
Tavildara	0,6	2,2	0,6	382,6	101,9	98,1
Tajikabad	0,7	2,6	0,7	376,7	103,5	101,5
Fayzabad	2,6	3,3	2,8	116,3	107,6	125,4
Shahrinav	2,1	3,6	3,2	112,7	150,0	110,7
TOTAL	646,4	126,5	697,5	18,1	107,9	99,4
* except grants (transfers) from the republican budget						
** with deduction of districts and regions, not receiving subventions, but receiving grants from other sources						

It should be noted that the revenue performance in the first half of 2010 exceeds this indicator for the same reporting period in the previous year by **8.5%** or **45.0 mln somoni** in nominal terms.

Subventions (including grants from other sources) of local government, as shown in the Table 6-1, made up **18.1%** (against **19.9%** in 2009) of all accumulated revenue of local government. It shows that subventions cover only insignificant part of all expenditures in regions, being, at the same time, a priority only for the poorest rayons and regions attributed to considerable social costs.

Generally, the indexes of revenue of the local government showed good results – almost all regions and rayons of the Republic fulfilled the tax collection plan.

The best indicators of revenue for the first half year are observed in Shahrinav (**150%**), Roghun (**129.7%**) and GBAO (**113.7%**), which mainly grounded by high tax returns for land and property, as well as sales taxes and local road tax.

The growth in volumes of construction and industry in regions, in the frames of Governmental program on creation of new jobs also had its positive effect on revenue indexes.

6.2 Local expenditures performance

The expenditures of local authorities are performed at **89.6%** with positive indicators of execution of mandatory expenditure items, including salary (**97%**), transfers to population (**82.2%**) and other items of local budgets. This is mainly reasoned by the good collection rate of the revenue by local authorities, as well as timely payment of subventions from the Republican budget to nine rayons of the Republican Subordination and two regions⁶.

Actually, all rayons of the Republican Subordination have not bad performance indicators on salaries. There are minor delays in execution of capital expenditures **79.7%**, whereas last 2009 year it was 85.9%.

All transfers to population via local authorities upon the results of the first half year constituted **26.0 mln somoni** in nominal terms, which is **90.8%** of the detailed plan of the first six months (i.e. only **3.3%** of all transfers to population of the state budget for the first half year.)

Table 6-2 Local expenditures summary (mln somoni)

	Jan -June (plan)	Jan-June (actual)	% execution	
			2010	2009 for comparison
Local budgets (total)	786, 4	707, 5	90,0	89,0
Social sector (total)	501, 7	465, 4	92,8	88,0
1. State administration	52, 1	50,07	96,2	106,5
2. Military defense	9, 7	8,4	86,7	88,3
3. Law enforcement bodies	7, 59	5,4	71,6	60,1
4. Education	354, 1	326,7	92,3	87,6
5. Public health	132, 5	124,4	93,9	88,7

⁶ Subsidized rayons and regions are given in the table **6-Ошибка! Только основной документ.**

6. Social welfare and insurance	15, 1	14,3	94,3	93,1
7. Housing and public utilities	138, 5	101,8	73,5	68,8
8. Culture and sport	40, 5	39,9	98,4	232,4
9. Fuel and energy sector	0,0	0,0	--	--
10. Agriculture and fishery	6, 5	5,5	85,1	91,9
11. Industry and construction	1, 01	1,15	113,4	60,0
12. Transport and communications	4, 3	4,8	111,5	111,2
13. Other economic activities	0,0	0,0	--	--
14. Expenditures, not reflected in other categories	24, 5	24,9	101,8	110,3

In general, the local budgets performance, and particularly in social sector, shows the successful tax revenues collection by the rayons and regions, as well as the effectiveness of the subsidization for poorest regions of the country via subvention system. The costs of the social sector made up **465.4 mln somoni** and were executed to **92.8%** of plan, whereas the expenditures in economic sector made up **113.3 mln somoni** and were executed to **88.1%** of the revised plan for the first half of 2010.

Local budgets actual expenditures constituted **707.5 mln somoni** for the first half year or **51.7%** of the total local budget and were performed at **92.8%** of the revised plan.

6.3 Summary of local budgets with and without subventions

In accordance with the existing budget legislation, 9 rayons of the republican subordination and 2 regions are entitled to receive subventions (grants) from the Republican budget to cover various social and other prioritized items of expenditures due to the limits of obtaining these funds from other sources⁷.

Local government revenue is the key source of funds in local budgets and formation of the expenditure side of their budgets for the next fiscal period. However, in case of underfilling of the correspondent volumes of revenue by these regions (and rayons), they may use the right to apply timely to the Government for allocation of additional transfers from the republican budget in case of failure to cover social needs to full extent due to contingent circumstances or emergencies, requesting proper attention from the administration.

Table 6-3 Local budgets summary, receiving and not receiving subventions (mln somoni)

	Jan-June (plan)	Jan-June	% actual
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⁷ In accordance with the Law of the Republic of Tajikistan «On State Budget of the Republic of Tajikistan for 2010» (№561) dd. 14 November 2010, the GBAO, Khatlon region and 9 rayons of republican subordination (Vahdat, Varzob, Rasht, Djirgital, Nurabad, Tavildara, Tajikabad, Fayzabad and Shahrinav) are eligible for receiving subventions in the current year.

		(actual)	2010	2009 for comparison
Local budget, receiving subventions	329,2	305,8	92,9	86,1
Labor compensation (wages)	208,0	201,9	97,1	91,6
Recurrent expenditure (excluding wages)	98,6	82,1	83,3	78,0
Capital expenditure	22,6	21,8	96,3	71,6
Subsidies and other current transfers	14,0	12,2	87,0	98,6
Local budget, not receiving subventions	460,3	401,5	87,2	90,7
Labor compensation (wages)	206,6	200,1	96,9	94,2
Recurrent expenditure (excluding wages)	154,9	126,4	81,6	86,4
Capital expenditure	98,8	75,0	75,9	89,7
Subsidies and other current transfers	14,7	13,8	94,4	98,9
Local budget (total)	789,5	707,3	89,6	88,8
Labor compensation (wages)	414,6	402,0	97,0	92,9
Recurrent expenditure (excluding wages)	253,5	208,5	82,2	83,4
Capital expenditure	121,5	96,8	79,7	85,9
Subsidies and other current transfers	28,6	26,0	90,8	98,8

Indicators of execution of the key items in the Table 6-3 showed that the local budgets performance, receiving subventions, in average higher by 5.7% then indicator of local budgets performance not eligible to subventions. Particularly, the performance indicators of the key items of expenditures of local authorities, eligible to subventions and having its revenue, are in average higher compared to the same indicators of local budgets throughout the Republic of Tajikistan (salary, other recurrent expenditures, as well as subsidies and other current transfers).

It suggests that local authorities receiving subventions have more possibilities to cover budget expenditures. However, in case of covering the expenditures by own revenue it is difficult to plan budget for the next months or year, i.e. there is always a probability of failure to execute revenue or probability of force major events (such as natural disasters, etc). In contrast with them, the subsidized regions are less vulnerable to these revenue fluctuations, i.e. they have correspondent Governmental guarantees in face of the Ministry of Finance, fixed in budget legislation, and responsible for allocation of subventions under any circumstances.

6.3.1 Summary of local budgets, eligible to subventions,

Upon the results of the first half year, local budgets eligible to subventions were performed at **92.9%** (**305.8 mln somoni**) of the revised plan, with quite good performance indicators for wlabour compensation (**97.1%**), capital expenditures (**96.3%**), subsidies and other current transfers (**87%**).

Particularly, the share of subsidized local budgets in general structure of all local budgets is **41.7%** and their outturn, in average, is higher than in local budgets, not eligible to subventions.

Relatively low budget performance is furnished in Tavildara (**70.2%**), Varzob (**80.8%**) and Vahdat (**71.1%**). The situation with payment of the salaries in all regions is not bad and constituted in average at **97.1%**.

In spite of the fact that budget of Khatlon region for the period of January-June 2010 made up **63.4%** of the budgets of all subsidized regions, the responsible officials in charge had managed to pay out salaries to **99.9%** of the plan.

Capital expenditures in the region were overfulfilled to **14%** of the plan (**12.8 mln somoni**).

The delays with payments, related to procurement of goods and services, and their relatively low indicator compared to other recurrent expenditure items of local budgets (**83.3%**), caused by the long processing terms by the tender committee on procurement of goods, works and services, also in some cases with submission of financial documentations, requiring additional inspection in the Central Treasury.

It is also necessary to note that capital expenditures performance in some regions is moderate. For example, capital expenditures performed in Vahdat, Varzob, Jirgital and Nurabad are quite low **11.5%**, **42.9%**, **58.8%** and **60.8%** accordingly (whilst the general volume of capital expenditures performance in these rayons for the half year is **2.6 mln somoni**). Capital expenditures performance in GBAO is also not so high, and makes up **86.7 %** or **2.3 mln somoni**.

Table 6-4 Local budgets, receiving subventions (mln somoni)

	Jan- June 2010 (plan)	Jan- June 2010 (actual)	% actual

	Jan- June 2010 (plan)	Jan- June 2010 (actual)	% actual
Local government, receiving subventions	329,2	305,8	92,9
Labor compensation (wages)	208,0	201,9	97,1
Recurrent expenditure (excluding wages)	98,6	82,1	83,3
Capital expenditure	22,6	21,8	96,3
Subsidies and other current transfers	14,0	12,2	87,0
GBAO	45,6	39,2	86,0
Labor compensation (wages)	28,0	26,0	92,9
Recurrent expenditure (excluding wages)	14,9	10,9	72,8
Capital expenditure	2,7	2,3	86,7
Subsidies and other current transfers	1,0	0,7	64,4
Khatlon region	208,7	204,8	98,1
Labor compensation (wages)	134,9	134,6	99,8
Recurrent expenditure (excluding wages)	61,0	55,6	91,2
Capital expenditure	12,8	14,5	114,0
Subsidies and other current transfers	11,1	9,9	89,4
Vahdat	21,1	15,0	71,1
Labor compensation (wages)	15,0	12,6	84,1
Recurrent expenditure (excluding wages)	5,8	2,3	40,2
Capital expenditure	0,3	0,0	11,5
Subsidies and other current transfers	0,4	0,3	69,5
Varzob	5,6	4,5	80,8
Labor compensation (wages)	3,7	3,5	94,9
Recurrent expenditure (excluding wages)	1,1	0,7	60,0
Capital expenditure	0,8	0,3	42,9
Subsidies and other current transfers	0,3	0,1	42,4
Rasht	9,4	8,4	89,5
Labor compensation (wages)	6,1	5,9	96,3

	Jan- June 2010 (plan)	Jan- June 2010 (actual)	% actual
Recurrent expenditure (excluding wages)	2,6	2,1	79,4
Capital expenditure	0,7	0,5	67,2
Subsidies and other current transfers	0,3	0,4	145,3
Jirgital	9,1	7,9	86,4
Labor compensation (wages)	4,0	3,8	97,0
Recurrent expenditure (excluding wages)	4,1	3,4	83,1
Capital expenditure	1,0	0,6	58,8
Subsidies and other current transfers	0,1	0,1	86,1
Nurabad	6,3	5,0	78,3
Labor compensation (wages)	3,2	3,1	96,7
Recurrent expenditure (excluding wages)	2,7	1,6	59,3
Capital expenditure	0,5	0,3	60,8
Subsidies and other current transfers	0,1	0,1	67,9
Tavildara	4,5	3,1	70,2
Labor compensation (wages)	2,1	1,7	82,1
Recurrent expenditure (excluding wages)	1,6	1,0	66,1
Capital expenditure	0,8	0,4	46,7
Subsidies and other current transfers	0,1	0,1	74,5
Tajikabad	4,3	4,4	102,5
Labor compensation (wages)	2,0	2,0	98,8
Recurrent expenditure (excluding wages)	1,6	1,9	114,2
Capital expenditure	0,7	0,6	85,6
Subsidies and other current transfers	0,1	0,1	99,8
Fayzabad	7,1	6,5	92,2
Labor compensation (wages)	4,3	4,2	97,4
Recurrent expenditure (excluding wages)	1,6	1,3	80,0
Capital expenditure	1,2	1,1	89,6

	Jan- June 2010 (plan)	Jan- June 2010 (actual)	% actual
Subsidies and other current transfers	0,3	0,3	97,9
Shahrinav	7,6	7,0	92,6
Labor compensation (wages)	4,7	4,5	95,6
Recurrent expenditure (excluding wages)	1,5	1,3	85,0
Capital expenditure	1,4	1,3	90,4
Subsidies and other current transfers	0,1	0,1	98,7

6.3.2 Local budgets not eligible to subventions

Unlike the subsidized regions, the local authorities not eligible to subventions, as a whole, have lower indicators in execution of their budgets for the first half of the current year. The lowest performances are fixed in Hissar (**75.6%**) and in Dushanbe city (**75.9%**).

Overall performance of the budgets on not-subsidized regions made up **87.2%** (**401,5 млн. сомони**). It is remarkable, that Budgets of Sogd regions and Dushanbe made up **90.1%** of the budgets of all local authorities not eligible to subventions, and have considerable amount of own tax receipts.

Lower budget performance in Dushanbe city related, first, to the delay in tender processing in procurement of public transport vehicles (performance outturn at 12.1%).

In spite of the achieving the plan on revenue in Hissar is fulfilled to **103%**, the fulfilled other recurrent revenue (**59.5%**) and capital expenses (**68%**) of revised plan for the first half year turned to be low.

The expenditure outturn in Sogd and Roghun budgets constitutes at **96.4%** and **95.0%** accordingly and mostly relates to high local tax revenue collection. Approximately, **61.2%** of the total Sogd region budget made up of salaries. Rayons of Rudaki and Tursunzade showed high outturns (**98.5%** and **97% accordingly**). Wages in these regions are paid almost completely, and in Rudaki rayon the capital expenditures are overfulfilled to **33%** or to **0.6 mln somoni** more.

Table 6-5 Local budgets, not receiving subventions (mln somoni)

	Jan- June 2010 (plan)	Jan- June 2010 (actual)	% actual
Local budgets, not receiving subventions	460,3	401,5	87,2
Labor compensation (wages)	206,6	200,1	96,9
Recurrent expenditure (excluding wages)	154,9	126,4	81,6
Capital expenditure	98,8	75,0	75,9
Subsidies and other current transfers	14,7	13,8	94,4
Sogd region	199,9	193,2	96,7
Labor compensation (wages)	120,2	118,3	98,5
Recurrent expenditure (excluding wages)	48,9	45,7	93,4
Capital expenditure	30,8	29,2	94,8
Subsidies and other current transfers	6,0	5,8	96,1
Rogun	6,5	6,2	95,0
Labor compensation (wages)	2,6	2,4	94,6
Recurrent expenditure (excluding wages)	2,6	2,5	93,3
Capital expenditure	1,3	1,3	99,2
Subsidies and other current transfers	0,2	0,2	100,5
Tursunzade	22,6	21,8	96,5
Labor compensation (wages)	13,2	12,2	92,0
Recurrent expenditure (excluding wages)	7,9	7,7	97,6
Capital expenditure	1,5	2,0	129,5
Subsidies and other current transfers	0,6	0,6	101,8
Hissar	22,3	16,8	75,6
Labor compensation (wages)	13,1	11,2	85,7
Recurrent expenditure (excluding wages)	7,3	4,3	59,5
Capital expenditure	1,9	1,3	68,0
Subsidies and other current transfers	0,5	0,4	90,4
Rudaki	21,3	20,9	98,5
Labor compensation (wages)	13,1	13,0	98,9

	Jan- June 2010 (plan)	Jan- June 2010 (actual)	% actual
Recurrent expenditure (excluding wages)	6,3	5,5	87,3
Capital expenditure	1,9	2,5	132,7
Subsidies and other current transfers	0,9	0,6	61,5
Dushanbe (capital)	187,7	142,5	75,9
Labor compensation (wages)	44,4	43,0	96,9
Recurrent expenditure (excluding wages)	81,9	60,7	74,1
Capital expenditure	61,4	38,7	63,1
Subsidies and other current transfers	6,5	6,3	96,8
Local authorities (TOTAL)	789,5	707,3	89,6
Labor compensation (wages)	414,6	402,0	97,0
Recurrent expenditure (excluding wages)	253,5	208,5	82,2
Capital expenditure	121,5	96,8	79,7
Subsidies and other current transfers	28,6	26,0	90,8

As a whole, the indicators of budget execution of local authorities, not eligible to subventions, exceed **87%** and, in case of mandatory items of expenditures, even higher than **92%** (wages, stipends, compensation payments, etc.). Thus, in the final analysis of the first half year, only Hissar rayon potentially needs to adjust its funding in 3rd and 4th quarters of 2010.

7 APPENDIX