



Mid-Term Budgetary Forecast of the Kyrgyz Republic for 2009-2011

**Ministry of Finance
of the Kyrgyz Republic**

MTBF's Role

- An instrument to form the budget in the contest of social and economic development priorities;
- A link between the general state strategy and the budget planning and formulation process.
- Ensures a more realistic and complete review of resources and liabilities of the Government increasing budget transparency;
- Links the budget with projected indicators in the real, external economic and monetary sectors of the economy;
- Under the MTBF the budget is formed on the program basis, which identifies priority areas in organizations' activities .

Key macroeconomic indicators for 2008-2011

	2008 expected	2009 forecast	2010 forecas t	2011 forecast	Average (2009- 2011)
GDP, bln. soms <i>real growth, %</i>	158,0 6,7	183,6 6,2	212,96 6,3	245,7 6,5	6,3
Industry, bln. soms <i>real growth, %</i>	76,1 15,6	83,8 6,1	91,2 5,3	98,4 4,2	5,2
Agriculture, bln. soms <i>real growth, %</i>	97,8 2,0	111,0 4,2	126,4 4,4	143,1 4,0	4,2
Construction, bln. soms <i>real growth, %</i>	25,6 10,5	31,7 9,3	38,6 8,8	47,1 9,7	9,3
Services, bln. soms <i>real growth, %</i>	116,0 6,5	138,5 9,5	164,5 9,4	194,4 9,2	9,4
Inflation, %	12	10	7	5	

Mid-term and short-term risks of macroeconomic indicators

- Kumtor fails to comply with projected growth indicators;
- Untimely commissioning of gold mines Taldy-Bulak Levoberezhnyi and Jerui;
- Unfavorable weather and climate conditions for agriculture and energy sectors;
- Growth in global food and energy prices.

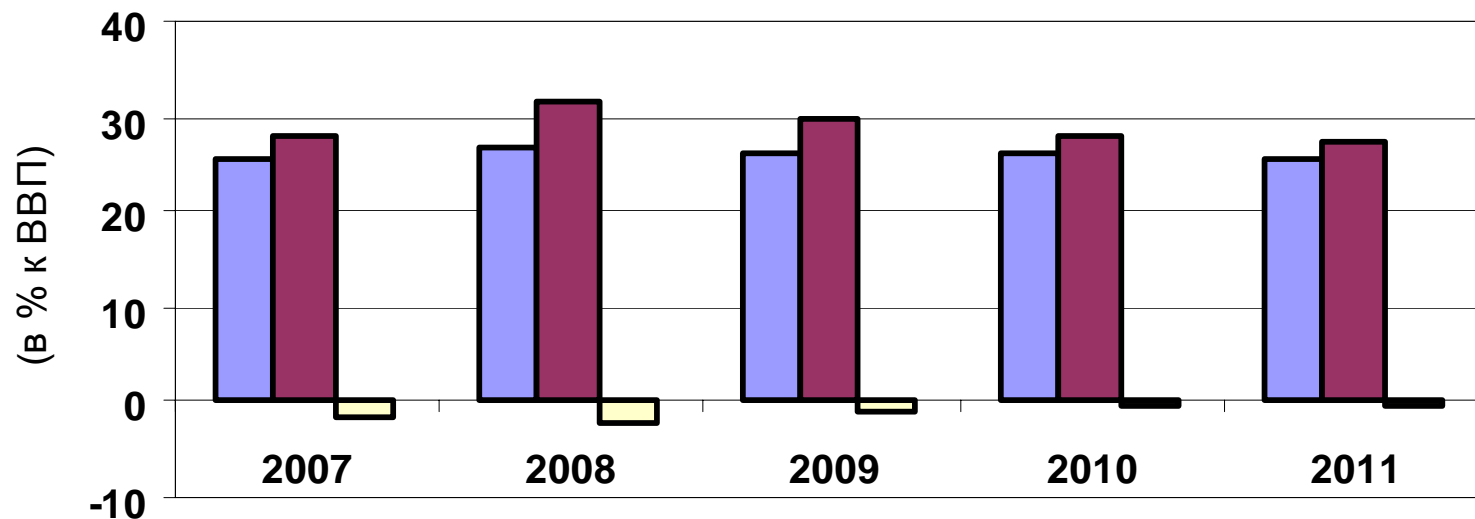
Budget revenues for 2009-2011 (mln. soms)

Items	Budget 2008	Forecast 2009	Forecast 2010	Forecast 2011
Total revenues and official transfers	42,370.5	48,499.2	55,697.4	63,076.4
Growth rates in % to GDP	26.8	26.4	26.2	25.7
Tax revenues	34,587.7	40,435.6	46,986.6	54,475.9
Growth rates		116.9	116.2	115.9
Non-tax revenues	6,685.3	7,168.4	7,815.6	8,600.5
Growth rates		107.2	109	110

State Budget Indicators for 2008-2011

	2008	2009	2010	2011
	approved	forecast	forecast	forecast
Total revenues and grants, including PIP	45,102.0	51,736.7	58,362.8	65,478.0
In % to GDP	28.5	28.2	27.4	26.6
Total state budget expenditures	49,873.1	54,821.4	59,824.5	67,013.3
In % to GDP	31.6	29.9	28.1	27.3
Deficit	3,525.4	2,030.5	560.6	595.1
In % to GDP	2.2	1.1	0.3	0.2

KR State Budget revenue and expenditure forecast for 2009-2011



■ Total revenues and grants ■ Total expend. of state budget ■ Deficit

Expenditures by groups of sectors

	2008	2009	2010	2011
Public services and power block	18560,7	19364,9	20751,7	22715,1
<i>in % to total SB expenditures</i>	37,4%	35,9%	35,1%	34,2%
Social sectors	20287,9	22206,6	24929,9	28594,4
<i>in % to total SB expenditures</i>	40,9%	41,1%	42,2%	43,0%
Real sector	10774,5	12410,6	13448,6	15146,2
<i>in % to total SB expenditures</i>	21,7%	23,0%	22,7%	22,8%

Public Debt Service Projections for 2009 – 2011 in mln. soms

Public debt	2008	2009	2010	2011
<i>Principal</i>	3 394,24	3 913,23	4 411,92	3 697,05
External	1 220,89	1 353,33	1 437,61	1 543,23
Domestic	2 173,35	2 559,90	2 974,31	2 153,82
<i>Interest</i>	1 600,88	1 580,48	1 453,28	1 390,65
External	794,48	1 043,17	990,78	996,66
Domestic	806,40	537,31	462,50	393,99
Total:	4 995,11	5 493,71	5 865,20	5 087,70

Expenditures of social sector

	2008	2009	2010	2011
Health	4627,2	4997,6	5560,0	6369,7
<i>in % to total SB expenditures</i>	9,3%	9,3%	9,4%	9,6%
Recreation, culture and religion	1096,7	1185,7	1367,0	1574,1
<i>in % to total SB expenditures</i>	2,2%	2,2%	2,3%	2,4%
Education	10070,8	10942,9	12468,9	14238,4
<i>in % to total SB expenditures</i>	20,3%	20,3%	21,1%	21,4%
Social protection	4493,1	5080,4	5534,0	6412,2
<i>in % to total SB expenditures</i>	9,1%	9,4%	9,4%	9,6%

Expenditures of public services sectors and power block

	2008	2009	2010	2011
Public services of general purpose	13311,2	13915,0	14977,8	16341,7
<i>in % to total SB expenditures</i>	26,8%	25,8%	25,3%	24,6%
Defense	1865,8	1949,7	2107,3	2320,1
<i>in % to total SB expenditures</i>	3,8%	3,6%	3,6%	3,5%
Public order and security	3383,7	3500,2	3666,6	4053,4
<i>in % to total SB expenditures</i>	6,8%	6,5%	6,2%	6,1%

Real sector expenditures

	2008	2009	2010	2011
Economic issues	8039,5	9063,6	10011,7	11339,2
<i>in % to total SB expenditures</i>	16,2%	16,8%	16,9%	17,1%
Environment protection	338,0	368,3	488,3	652,5
<i>in % to total SB expenditures</i>	0,7%	0,7%	0,8%	1,0%
Housing and utilities	2397,0	2978,7	2948,7	3154,4
<i>in % to total SB expenditures</i>	4,8%	5,5%	5,0%	4,7%

Development budget (*mln. soms*)

	2008 approved	2009 forecast	2010 forecast	2011 forecast
Capital investments	3035,6	3339,2	4174	5217,4
Matching (shared) grants	250	250	300	300
Centralized poverty reduction fund	620	620	620	620
Domestic PIP co-financing	457,4	627,3	543,9	405,5
Total from domestic sources (mln. soms)	4363	4836,5	5637,9	6542,9
% to GDP	2,8	2,6	2,6	2,7
External financing of PIP (mln. soms)	5161,8	6127,2	4452,0	3440,7
% to GDP	3,3	3,3	2,1	1,4
of which				
PIP grants	2731,5	3237,5	2665,4	2401,6
PIP credits	2430,3	2889,7	1786,6	1039,1

Key Outcomes in the Social Sector by 2011

- Improvement of living standards of socially vulnerable strata of the population.
- Improvement of the population's health by providing accessible and quality health care.
- Ensuring equal accessibility of education services to the population of the republic.

Key outcomes in the real sector by 2011

- Strengthening food security of the country and population's employment;
- Outstripping growth in investment expenditures as compared to consumer spending;
- Improvement of infrastructure.

Thank you for attention !