

# Sobyanin Rolls Out His First Moscow Budget

By [The Moscow Times](#)

August 30, 2011

**The**  **Moscow Times**

City Hall has posted a draft budget for the capital for the next three years on its web site, with estimates up to 2016.

Mayor Sergei Sobyanin will formally present the document at a government meeting in the near future, said Mayor's Office spokeswoman Gulnara Penkova.

This is the first budget that the Sobyanin administration has prepared on its own. The 2011 budget legislation was drafted under former Mayor Yury Luzhkov and only adjusted by Sobyanin.

Both income and spending will increase in each of the next five years. The deficit will shrink slowly — by only 15.4 billion rubles (\$532 million) over the next three years. The main sources for covering the deficit next year will be revenue from privatization (more than 47 billion rubles) and funds carried over in government accounts (almost 203 billion rubles, including

funds raised in the sale of Bank of Moscow).

The Moscow government does not intend to use borrowed funds next year. The total volume of its debt should decrease from 347.7 billion rubles to 232.7 billion rubles. This year, the capital has set out to pay back its debts ahead of schedule, a City Hall official said. It is assumed that about 30 billion rubles will be spent on this. In this regard, Moscow's policy differs markedly from that of the federal government, which foresees debt in 2011-14 increasing from 11.2 percent of gross domestic product to 17 percent — almost 12 trillion rubles.

Sobyanin is the first to put into practice at least two innovative measures the Russian government could not pull off. The capital presented a five-year budget plan and the budget was classified in a new way — expenditures were grouped not by departments, but according to approved programs. As instructed by Prime Minister Vladimir Putin, the federal government also intended to switch to program-classified planning to link government departments' spending to the tasks that were set for it. The federal government delayed the reform, due no later than 2013, in March because government departments were unprepared and elections are upcoming.

The capital's budget comprises 17 state programs, which account for 90 percent of all expenditures. The social program is the most expensive, involving about 22 percent of spending over the three years, and will grow from 338.4 billion to 377.4 billion rubles. The second most costly is the transport program, with costs growing from 328.3 billion to 378.4 billion rubles. In third place, spending on educational development will rise from 259.8 billion to 283.3 billion rubles. The least expensive program is energy conservation: The government is prepared to spend between 700 million and 800 million rubles on this project. Social expenditure will make up almost 60 percent of total spending; investment costs more than 28 percent.

Moscow's draft budget does not allow for the city's newly expanded borders, a government official noted.

It has not yet been decided exactly how the new territories will be funded, he said: "Additional expenditures, more than 20 billion rubles, may arise, but it will be possible to correct these with amendments."

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