



ADVANCED
SOCIAL
TECHNOLOGIES

PROGRAM BUDGETING ANALYSIS

*STRENGTHENING INSTITUTIONS TO IMPROVE PUBLIC
EXPENDITURE ACCOUNTABILITY*

PROJECT

ADVANCED SOCIAL TECHNOLOGIES

NON-GOVERNMENTAL ORGANIZATION

Armenia

2010

PROGRAM BUDGETING ANALYSIS

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ABSTRACT

This paper, together with the Benefit Incidence Analysis, will try to consolidate some of the key budgeting information that will be helpful for decision making. In preparing this report the group of experts had analyzed budget information for three sectors and tried to present the required program budgeting information in line with the performance related data. The two above form the grounds for program budgeting analysis that aims at linking the policies with budgets.

BACKGROUND

Armenia is a small Former Soviet Union (FSU) transition country with just above 3 million of population. The fundamental reforms in the economy and governance had begun immediately after the collapse of the USSR - 1991. The first generation of the reforms was aimed at the creation and formation of the new governance institutions, decentralization and de-concentration of the powers of the central government, wide-scale privatization of the formerly national assets, etc.

In parallel to the above, the country has moved from the former soviet multi-tier type of administrative breakdown by republics, oblasts, rayons and municipalities and moved to a much simpler system that was more suitable for such a small in size country. Thus, unlike many countries in the region and FSU states Armenia has only a two-tier governance system – the national and municipal (local governments - LG).

Unfortunately, the low capacity and poor acceptance of new rights and responsibilities at the LG level has resulted in insignificant changes in administration culture in LGs. Most of the

The central government also has its representation offices in each of the ten marzes by regional breakdown of the country. However, these units (marzpetarans) are not an independent level of the governance and are formed by a nominated personnel of the national (central) government to represent the ministries in regions. Those marzpetaran offices are part of the national government and are fully funded from the national budget.

local governments still seek strong support from the national government in almost all areas, although necessary legislative and administrative decentralization initiatives were made.

As a reflection of the above, the local governments still mostly depend on vertical subsidies from the national budget to fund their budget needs. LGs generate their own revenues but the total of both their own revenues and subsidies does not exceed 2% of the GDP (5-6% of the national budget).

As of now, the country has succeeded in formation of the national governance system at an acceptable level for the 1st generation of the transition reforms and the country began further improvements - so called 2nd generation reforms. Unlike to the former, the latter is aimed at the increase of the effectiveness and efficiency of the set governance model. One of the aspects of the above is the ongoing reforms in the Public Financial Management (PFM) systems. Armenia was one

the first successful reformers of the budgeting system in such areas as medium-term budgeting, budget execution discipline (centralization of the treasury system), etc. These achievements are mixed with the slow progress in some other aspects of PFM reforms, such as introduction of program budgeting, accounting, auditing reforms, etc.

The three sectors that this report covers are health, education and water management. In all these sectors there were significant changes introduced in recent years that had affected budgeting system in those sectors. However, although the sector reforms were quite liberal (including in budgeting area), the conceptual shift to new policy discourse and policy formulation (with budget allocations reflecting policy decisions) is still crawling behind.

Besides, the level of financial/fiduciary independence of service providing institutions in all three sectors is quite high as none of those currently is a Primary Budget User¹. As a result, the national budget reflects aggregates for allocations to education and healthcare sectors (by activities/programs) and responsibility of PBUs (e.g. Ministry of Health, marzpetarans). Even furthermore, the national budget records such allocations as “services purchased” and the relevant PBUs sign a service-delivery contracts with schools or healthcare institutions (per-student financing, per-case financing). Thus, similar to any other service purchase (service provided by private sector institutions), the national budget does not reflect the economic breakdown (inputs), e.g. salary of such expenses. This is the reason for salary component in Armenian budget being quite low (less than 10%, usually 5-7%) and one-line expenditures (goods&services, subsidies, grants) forming major portion of the budget.

Pre-school institutions in Armenia do not belong to the national government and are either private or municipal. In either case, the national budget does not directly fund the pre-school institutions, but they can receive local government support allocating money from local budgets that receive major funds from the national budget. In any case, the pre-school level of the education is out of the scope of this report.

Schools in Armenia belong to the national government. The latter has two arms in administering the general education sector in the country: policy-wise, schools report to the Ministry of Education; finance-wise, schools report to marzpetarans², which have education units that perform those activities in coordination with the Ministry of Education policies and budgeting rules from the Ministry of Finance.

Healthcare institutions in Armenia have passed through a wide-scale privatization and de-concentration reforms in 90s and the beginning of the new century. As a result, the majority of those is either private or belongs to municipalities, but not the central government. The government has

¹ Primary Budget User (PBU) is a status of an institution that is directly reflected in the National Budget. In contrast, Secondary Budget Units (SBU) are not visible in the national budget but still are part of the treasury system (budget execution), thus the national government still has some level of direct financial/fiduciary control. In case of schools and healthcare institutions those are even further away and neither budget law nor treasury system captures money allocations by schools and their inputs breakdown

² Local representation offices of the government

little administrative control over healthcare institutions, but the national budget still has its say in the financing of the sector. Household expenditures on health is the next largest component of financing the health sector. However, due to the significant portion of pocket money (illegal, unregistered, etc) it is hard to estimate the real portion of the households' share. Our research estimates it was more than 35% of the total health sector expenditures for 2008. However, apart from households' direct payments, there are no other major and sustainable funding sources for the sector other than national budget (similar to the education sector, donor funds are directed via national budget channels, although for the purposes of this report we have tried to filter out those funds).

Similar picture exists for the water sector as (again, apart from the households direct fees) the national budget (including major donor projects pipelined through the state budget channels) is the only source for subsidizing and investing in infrastructure. Some major water suppliers, e.g. the operator in Yerevan city, are moving away from being subsidized, but the majority of water suppliers (due to social need for harmonized infrastructure development in all areas) are still dependant on state funding.

METHODOLOGY

The programs identified in this report reflect the major policy areas that exist in each of the three sectors. So, in the first stage of the report formulation, the list of programs (using program budgeting concepts and methodology) had been formulated. Then the necessary information gathering process had begun which was aimed at using the official budget information to allocate costs to the formulated programs. In order to do that, AST experts had to develop a mapping tool, which could easily show and allocate budget information by activities (that currently exists in the budget documentation) to the newly developed programs. For instance, approx. 55 activities currently presenting education sector programs in law had been mapped to 10 programs that are formed using program budgeting principles. Similarly, 56 programs/activities for health sector are aggregated into 6 programs. The mapping tables are attached to this report³.

Sources of data used:

- Generation of the form «Recurrent and Capital Spending by Facility Level, Amount – Education 1E» was based on data from the State Treasury annual reports (for years 2006-2008), 2009 State Budget and 2010 draft State Budget.
- Data on household expenditure for 2008 in the form «Sources of Spending by Sector, 2008 (5)» for Health and Water sectors is calculated using the results of the AST survey for Benefit Incidence Analysis.
- Data on household expenditure for 2008 in the form «Sources of Spending by Sector, 2008 (5)» for Education sector was taken from Mid-Term Expenditure Framework 2009-2011
- Data on GDP, as well as 2006-2008 actual population numbers were taken from the Ministry of Finance releases on macroeconomic indicators and Budget Messages.

³ see Annexes A-1, A-2, A-3 and C

- Data on number of General Education students for school years 2005-2006, 2006-2007, 2007-2008, 2008-2009 were received from General Education Management Information System database.
- The sources for health programs are the website of the Ministry of Finance for financial data and “Health and Health Statistics 2009” publication of the Ministry of Health
- Other data on budget programs and financial information for the sectors were obtained from the Annual Budget Laws, Annual Budget Execution reports for the required periods

Education

Redesigning and regrouping of programs

For the purpose of Program Budgeting Analysis of Armenian Education sector, state budget-financed programs were re-grouped into the following programs⁴:

| <i>Sub-sectors in Armenia</i> | <i>Program</i> | <i>Sub-sectors used by GDN</i> |
|-------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------|
| General Secondary Education | 1. Primary School | Primary Education |
| | 2. Middle School | Secondary Education |
| | 3. High school | |
| Initial Professional and Middle Professional Vocational Education | 4. Initial Professional Vocational Education | Tertiary Education |
| | 5. Middle Professional Vocational Education | |
| Higher Education | 6. Higher (Undergraduate and Graduate) Professional Education | |
| | 7. Post-Graduate Professional Education | |
| Education Not Classified by Educational Levels | 8. Out-of-School Education | Other Education |
| | 9. Additional Education | |
| Policy Formulation and Administration | 10. Education Administration and Support Services | Ministerial and Regional Administration |

The applied structures provide details for both budget expenditures in educational levels and other activities used in Armenia and the programs provided in PBA requirements document, prepared for GDN-R4D Strengthening Institutions Project. The level of data detail allows to easily group prepared data in the format of Armenian education structure and in the format provided in PBA requirements document. The current structure of Armenian education system (educational levels and programs) is mainly based on Education legislation, such as Law on General Education, which defines Primary, Middle and High Schools as parts of General Secondary Education.

⁴ This breakdown of programs is the most suitable for the country’s policy context. However, this report also presents more aggregated program classification for the benefit of cross-country comparisons, as well as specific tables that are closer to the international program classification used by GDN; see Annexes B-1 and B-2.

Cost allocations

In order to regroup state budget programs into the PBA exercise format the following types of cost allocations were applied:

- For the years 2006 and 2007 the actual costs for the programs of General Education, Special Education and Education for gifted children were reallocated to the Primary school, Middle school and High school programs based on the actual number of students in primary, middle and high grades of the respective Education subsector.
- Actual costs of all support service programs for mentioned subsectors were also reallocated to the Primary school, Middle school and High school programs according to the same principle.
- After the transition of State Budget system to GFS 2001 implemented in 2008 the costs of General Education subsector programs were regrouped to Primary, Basic and Secondary education groups (the same as Primary school, Middle school and High school programs). However, all support programs of General Education, as well as other levels of education were taken from their respective levels and collected in a separate “Education Support Services” part. For the purpose of PBA exercise all programs that could be attributed to any of education levels were reallocated to the respective program in PBA format. Those costs of General Education support programs that were related to all three sublevels of General Education were allocated to those sublevels based on the principle described in the first bullet point of this section.

Wage and non-wage costs

As PBA summary table 4E shows, only 0.4% of all recurrent education costs in the State Budget are shown as wages. The reason for this is that except for Education state administration programs, all programs are based on service provision principle, where state financing is provided as purchase of certain volumes of educational services or as grants for implementation of certain programs, rather than direct financing of inputs, such as salaries. Only education administration services are financed based on line-by-line principle and fix planned and actual expenditures on wages in a separate line. However, for the purpose of PB Analysis wage costs were estimated in educational institutions’ expenditures. According to the estimates, the average wage % in recurrent costs for the period 2006-2010 is 82.7% (see Annex B-2).

Health

For the benefit of this analysis the health programs and activities are aggregated at the level of main six policy areas in this sector⁵.

1. Public health primary care services
2. Services of obstetrical-gynecological medical assistance
3. Hospital medical aid services
4. Public health services

⁵ See the Annex A-2 for the results of the detailed mapping exercise

5. Paramedical services and other supportive services
6. Policy Formulation and Administration

In addition, health programs and activities are also grouped according to GDN suggested program classification to ensure cross country comparison. The grouping is made as the following:

| <i>GDN program classification</i> | <i>Classification made based on MoH approach</i> |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hospital | 1. Hospital medical aid services 2. Services of obstetrical-gynecological medical assistance (Services of obstetric medical assistance and Services of medical assistance for gynecological diseases) |
| Health Center/Dispensary | Data on dispensary is not available, as dispensary were included in hospital and preventive services and it was not possible to separate data from those services |
| Preventive | 1. Public health primary care services 2. Services of obstetrical-gynecological medical assistance |
| Other Health | 1. Public health services 2. Paramedical services and other supportive services |
| Ministerial and Regional Administration | Policy Formulation and Administration |

As the “Services of obstetrical-gynecological medical assistance” program is the main program of the interest of the GDN’s “Strengthening Institutions to Improve Public Expenditure Accountability” project, we have extracted relevant activities from both primary healthcare services and hospital services.

The wages component is reflected (and monitored in this report) only for the “Policy Formulation and Administration” program. Similar to other sectors, the wages on the service providers’ side (e.g. hospitals) are not reflected in the budget system as those services are purchased based on a contractual (per-case) principle. For instance, the primary healthcare services are funded using unit cost per beneficiary and hospitals are funded using per-case principle. This has resulted from reforms back in 90s, thus the service providers are using one-line financing system and are more flexible in operational decisions on the use of the allocated funds. However, the for hospital and preventive (primary health care) services the wage components are estimated on average 40% and 70% respectively.

Water

This report analyses recurrent and capital expenditures in the water sector, however it does not analyze the environmental aspects of the water management system.

In preparation of this analysis the water programs are aggregated to the following level that is sound with the policy areas in this sector.

1. Drinking water supply
2. Sewerage
3. Irrigation
4. Policy Formulation and Administration

This breakdown and the analysis are based on the implemented and forecast programs in the period of 2006-2010. In order to aggregate the programs to the level compatible with the program budgeting analysis we have extracted information on all state budget funded activities and programs. In doing so, the main source for information was the Annual State Budget Law for respective years.

LIST AND DESCRIPTION OF FUNDING SOURCES FOR EACH SECTOR

Due to the reasons above (presented in the Background sector) the funding levels for all three sectors are limited to the national budget. LG budgets are funding neither education nor healthcare or water programs⁶. In addition, for the purposes of this report, the survey implemented by AST for Benefit Incidence Analysis had incorporated an estimate of the expenditures in each sector for 2008 (education sector data on HH expenditures has used alternative data from the Ministry of Education estimates). Thus, as exclusion, the table 5 of the PBA report (see section on “Tables from PBA Requirement”) incorporates data for 2008 on households’ expenditures. All other tables do not contain the information on HH expenditures due to absence of a solid and reliable data for all those years.

Education

The main financing source for state education programs is the Central Government budget. Several programs also include donor financing, such as the World Bank, European Commission, Lincy Foundation and others. The PBA tables present detailed breakdown financing sources of all programs.

Health

The only financing source for health programs is state budget. As in education sector, local governments do not have expenditures for health programs.

Water

The PBA tables utilize two levels of funding the sector:

1. State budget
2. Donor funding⁷

The reason for having only two funding levels is the fact that water infrastructure belongs to the state government. Starting from 2001 the water infrastructure was leased out to private operators

⁶ Some minor exceptions take place in cases of a direct private donor support or similar instances

⁷ Donor funding is also channeled via the State budget, however, the PBA analysis benefits if such breakdown is possible to make

like in the case of the Yerevan water supplier leasing the whole Yerevan infrastructure as the result of the tender.

Hypothetically, local governments could also be the funding source for water programs. There are 600 LGs that are not connected to a centralized water supply system. And these LGs use the natural water springs. In some other cases, there are some LGs with local water infrastructure left after the Soviet times. However, in such cases the LGs do not properly invest and maintain the infrastructure due to the small size of LG. Therefore, de facto, all water sector investments and expenditures are funded by only one governance level.

For instance, the water pipelines of Armavir town belong to the community. However, the community did not spend any money on it for years. As a result, German Development Bank implemented a water supply project for Armavir in coordination of the state government and “Nor Akunq” (New Spring) JSC was founded.

The irrigation system is also fully dependant on the state budget and donor funding. And despite of the fact of significant reforms in this area launched in 2002 (adoption of new Water Code and law on “Water Users Associations and Federations of Water Users Associations”, shift to private affairs, creation of Water Users Companies - WUC), the government still subsidizes WUCs to maintain low pricing strategy due to the strategic issues on local foodstuff supplies and high costs for local production.

So, below is the summary table for the above information.

| | Education | Health | Water |
|----------------------------|----------------------------------------|-------------------------------------|----------------------------------------------------------|
| Level 1: State Budget | Ministry of Education; Marzpetarans | Ministry of Health, Marzpetarans | Ministry of Finance, State Water Management Committee |
| Level 2: Regional budgets | n/a in Armenian context ⁸ | n/a | n/a |
| Level 3: Local governments | No ⁹ | No | No |

TABLES FROM PBA REQUIREMENTS

The tables in this section present the data in thousand Armenian Drams, the AMD/USD exchange rate by years is presented below.

| | 2006 | 2007 | 2008 | 2009 (estimated) | 2010 (estimated) |
|--------------------------------------|-------|-------|-------|---------------------|---------------------|
| AMD/USD rate (average) ¹⁰ | 416.0 | 342.1 | 306.0 | 303.69 | 386.41 |

⁸ As they form part of the state budget

⁹ Only for pre-school education (kindergartens), but which are not within the scope of this report

¹⁰ Source: “Armenia Economic Report 2009: From Crisis toward New Development”, Ministry of Economy of the Republic of Armenia

Recurrent and Development Spending by Facility Level, Amount – Education (1E)

| Education | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Primary school | 18,051,920.8 | 22,382,146.8 | 23,989,314.8 | 29,139,323.8 | 22,708,287.3 |
| Recurrent | 13,410,087.8 | 15,931,044.5 | 17,106,666.4 | 22,223,409.0 | 22,127,192.4 |
| Wages | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Wages | 13,410,087.8 | 15,931,044.5 | 17,106,666.4 | 22,223,409.0 | 22,127,192.4 |
| Capital | 4,641,833.1 | 6,451,102.3 | 6,882,648.4 | 6,915,914.8 | 581,095.0 |
| Domestic | 2,084,200.2 | 4,441,856.5 | 6,470,544.4 | 6,719,921.8 | 123,050.4 |
| Donor | 2,557,632.9 | 2,009,245.8 | 412,104.0 | 195,993.1 | 458,044.6 |
| Middle school | 33,211,459.2 | 39,046,286.5 | 41,747,362.6 | 53,838,104.9 | 37,704,566.8 |
| Recurrent | 24,443,552.3 | 28,071,706.0 | 31,430,062.6 | 41,505,418.2 | 36,646,143.8 |
| Wages | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Wages | 24,443,552.3 | 28,071,706.0 | 31,430,062.6 | 41,505,418.2 | 36,646,143.8 |
| Capital | 8,767,906.9 | 10,974,580.5 | 10,317,300.1 | 12,332,686.7 | 1,058,423.0 |
| Domestic | 3,936,822.6 | 7,314,882.8 | 9,566,682.0 | 11,975,699.3 | 224,127.6 |
| Donor | 4,831,084.3 | 3,659,697.7 | 750,618.1 | 356,987.4 | 834,295.4 |
| High school | 14,331,816.3 | 16,083,180.0 | 20,580,923.7 | 24,448,090.5 | 16,388,221.1 |
| Recurrent | 10,549,582.0 | 11,564,235.1 | 12,595,781.4 | 16,758,517.5 | 15,792,799.9 |
| Wages | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Wages | 10,549,582.0 | 11,564,235.1 | 12,595,781.4 | 16,758,517.5 | 15,792,799.9 |
| Capital | 3,782,234.4 | 4,518,944.9 | 7,985,142.3 | 7,689,572.9 | 595,421.2 |
| Domestic | 1,698,237.2 | 3,012,010.6 | 6,019,248.5 | 7,542,578.1 | 251,887.8 |
| Donor | 2,083,997.2 | 1,506,934.3 | 1,965,893.8 | 146,994.8 | 343,533.4 |
| Initial vocational | 1,014,485.6 | 1,292,177.1 | 2,874,658.6 | 2,096,833.0 | 2,810,037.6 |
| Recurrent | 1,014,485.6 | 1,282,477.1 | 1,540,613.4 | 2,096,833.0 | 1,994,037.6 |
| Wages | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Wages | 1,014,485.6 | 1,282,477.1 | 1,540,613.4 | 2,096,833.0 | 1,994,037.6 |
| Capital | 0.0 | 9,700.0 | 1,334,045.2 | 0.0 | 816,000.0 |
| Domestic | 0.0 | 9,700.0 | 0.0 | 0.0 | 0.0 |
| Donor | 0.0 | 0.0 | 1,334,045.2 | 0.0 | 816,000.0 |
| Middle vocational | 1,827,555.9 | 2,216,663.3 | 3,876,509.4 | 3,539,785.8 | 3,869,781.4 |
| Recurrent | 1,756,555.9 | 2,128,185.8 | 2,443,573.1 | 3,163,815.8 | 3,053,781.4 |
| Wages | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Wages | 1,756,555.9 | 2,128,185.8 | 2,443,573.1 | 3,163,815.8 | 3,053,781.4 |
| Capital | 71,000.0 | 88,477.5 | 1,432,936.3 | 375,970.0 | 816,000.0 |
| Domestic | 71,000.0 | 88,477.5 | 98,891.1 | 375,970.0 | 0.0 |
| Donor | 0.0 | 0.0 | 1,334,045.2 | 0.0 | 816,000.0 |
| Higher | 4,923,438.2 | 5,175,607.2 | 6,277,105.4 | 7,418,550.8 | 7,226,695.8 |

| | | | | | |
|------------------------------------------------------|---------------------|---------------------|----------------------|----------------------|---------------------|
| professional | | | | | |
| Recurrent | 4,626,438.2 | 5,048,113.5 | 6,244,667.2 | 7,355,436.8 | 7,226,695.8 |
| Wages | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Wages | 4,626,438.2 | 5,048,113.5 | 6,244,667.2 | 7,355,436.8 | 7,226,695.8 |
| Capital | 297,000.0 | 127,493.8 | 32,438.2 | 63,114.0 | 0.0 |
| Domestic | 297,000.0 | 127,493.8 | 32,438.2 | 63,114.0 | 0.0 |
| Donor | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Post-graduate professional | 378,971.1 | 322,798.9 | 561,386.9 | 600,257.8 | 651,717.4 |
| Recurrent | 378,971.1 | 316,055.2 | 561,386.9 | 600,257.8 | 651,717.4 |
| Wages | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Wages | 378,971.1 | 316,055.2 | 561,386.9 | 600,257.8 | 651,717.4 |
| Capital | 0.0 | 6,743.6 | 0.0 | 0.0 | 0.0 |
| Domestic | 0.0 | 6,743.6 | 0.0 | 0.0 | 0.0 |
| Donor | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Out-of school education | 2,477,118.5 | 2,037,266.5 | 2,146,181.3 | 3,491,592.4 | 2,313,310.6 |
| Recurrent | 999,368.5 | 1,220,526.8 | 1,685,687.3 | 2,394,152.4 | 2,313,310.6 |
| Wages | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Wages | 999,368.5 | 1,220,526.8 | 1,685,687.3 | 2,394,152.4 | 2,313,310.6 |
| Capital | 1,477,750.0 | 816,739.7 | 460,494.0 | 1,097,440.0 | 0.0 |
| Domestic | 1,477,750.0 | 816,739.7 | 460,494.0 | 1,097,440.0 | 0.0 |
| Donor | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Additional education | 0.0 | 0.0 | 771,963.3 | 1,274,935.7 | 952,360.0 |
| Recurrent | 0.0 | 0.0 | 769,153.3 | 1,212,189.2 | 952,360.0 |
| Wages | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Wages | 0.0 | 0.0 | 769,153.3 | 1,212,189.2 | 952,360.0 |
| Capital | 0.0 | 0.0 | 2,810.0 | 62,746.5 | 0.0 |
| Domestic | 0.0 | 0.0 | 2,810.0 | 62,746.5 | 0.0 |
| Donor | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Education Administration and Support Services | 646,869.3 | 662,253.0 | 759,140.0 | 1,102,348.5 | 1,045,473.7 |
| Recurrent | 605,416.3 | 586,359.6 | 736,285.1 | 998,664.3 | 1,045,473.7 |
| Wages | 295,734.4 | 306,691.8 | 385,398.2 | 464,959.1 | 479,880.2 |
| Non-Wages | 309,681.9 | 279,667.8 | 350,886.9 | 533,705.2 | 565,593.5 |
| Capital | 41,453.0 | 75,893.4 | 22,854.9 | 103,684.2 | 0.0 |
| Domestic | 41,453.0 | 75,893.4 | 22,854.9 | 15,000.0 | 0.0 |
| Donor | 0.0 | 0.0 | 0.0 | 88,684.2 | 0.0 |
| Total Costs | 76,863,635.0 | 89,218,379.2 | 103,584,546.0 | 126,949,823.0 | 95,670,451.8 |

Recurrent and Development Spending by Facility Level, Amount – Health (1H)

| Health, <i>AMD ,000</i> | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|---------------------------------------------------------------------------|-------------------|-------------------|-------------------|--------------------|---------------------|
| Public health primary (ambulatory-polyclinic)care services | 13,336,353 | 15,606,114 | 18,280,513 | 24,106,798 | 19,861,476 |
| Recurrent | 13,336,353 | 15,606,114 | 18,280,513 | 24,106,798 | 19,861,476 |
| Wages | - | - | - | - | - |
| Non-Wages | 13,336,353 | 15,606,114 | 18,280,513 | 24,106,798 | 19,861,476 |
| Capital | - | - | - | - | - |
| Domestic | - | - | - | - | - |
| Donor | - | - | - | - | - |
| Services of obstetrical- gynecological medical assistance | 3,015,199 | 3,266,005 | 5,108,887 | 8,167,484 | 7,228,845 |
| Recurrent | 3,015,199 | 3,266,005 | 5,108,887 | 8,167,484 | 7,228,845 |
| Wages | - | - | - | - | - |
| Non-Wages | 3,015,199 | 3,266,005 | 5,108,887 | 8,167,484 | 7,228,845 |
| Capital | - | - | - | - | - |
| Domestic | - | - | - | - | - |
| Donor | - | - | - | - | - |
| Hospital medical aid services | 12,604,188 | 13,941,868 | 14,889,779 | 16,796,179 | 15,141,589 |
| Recurrent | 12,109,188 | 13,151,868 | 14,889,779 | 16,796,179 | 15,141,589 |
| Wages | - | - | - | - | - |
| Non-Wages | 12,109,188 | 13,151,868 | 14,889,779 | 16,796,179 | 15,141,589 |
| Capital | 495,000 | 790,000 | - | - | - |
| Domestic | 495,000 | 790,000 | - | - | - |
| Donor | - | - | - | - | - |
| Public health services | 1,934,555 | 2,921,995 | 2,829,200 | 3,038,393 | 2,796,361 |
| Recurrent | 1,909,555 | 2,224,738 | 2,829,200 | 3,038,393 | 2,796,361 |
| Wages | - | - | - | - | - |
| Non-Wages | 1,909,555 | 2,224,738 | 2,829,200 | 3,038,393 | 2,796,361 |
| Capital | 25,000 | 697,257 | - | - | - |
| Domestic | 25,000 | 697,257 | - | - | - |
| Donor | | | | | |
| Paramedical services and other supportive services | 7,789,352 | 10,073,645 | 12,454,542 | 12,835,470 | 9,065,701 |
| Recurrent | 2,819,313 | 4,388,214 | 5,007,286 | 6,873,252 | 5,500,109 |
| Wages | - | - | - | - | - |

| | | | | | |
|----------------------------------------------|----------------|----------------|----------------|------------------|------------------|
| Non-Wages | 2,819,313 | 4,388,214 | 5,007,286 | 6,873,252 | 5,500,109 |
| Capital | 4,970,040 | 5,685,431 | 7,447,256 | 5,962,218 | 3,565,592 |
| Domestic | 4,970,040 | 5,685,431 | 7,447,256 | 5,962,218 | 3,565,592 |
| Donor | - | - | - | - | - |
| Policy Formulation and Administration | 730,537 | 844,105 | 910,534 | 1,143,287 | 1,080,977 |
| Recurrent | 730,537 | 838,746 | 910,534 | 1,143,287 | 1,080,977 |
| Wages | 466,623 | 624,510 | 817,801 | 1,039,745 | 996,236 |
| Non-Wages | 263,914 | 214,237 | 92,734 | 103,542 | 84,742 |
| Capital | - | 5,359 | - | - | - |
| Domestic | - | 5,359 | - | - | - |
| Donor | - | - | - | - | - |

Recurrent and Development Spending by Facility Level, Amount – Water (1W)

| Water, AMD ,000 | 2006 | 2007 | 2008 | 2009 budgeted) | 2010 (estimated) |
|----------------------------------------------|-------------------|------------------|------------------|-------------------|---------------------|
| Water Supply | 6708356.1 | 5759138.1 | 7469630.0 | 13413820.5 | 22915975.9 |
| Recurrent | 3494723.2 | 2491258.9 | 2641732.8 | 2703139.8 | 3139861.5 |
| Wages | 1002862.3 | 669813.3 | 590240.8 | 25529.2 | 5894.2 |
| Non-Wages | 2491860.9 | 1821445.6 | 2051492.0 | 2677610.6 | 3133967.3 |
| Capital | 3213632.9 | 3267879.2 | 4827897.2 | 10710680.7 | 19776114.4 |
| Domestic | 425450.4 | 482409.1 | 725550.2 | 4056684.9 | 4967766.3 |
| Donor | 2788182.5 | 2785470.1 | 4102347.0 | 6653995.8 | 14808348.1 |
| Sewerage | 0.0 | 223115.2 | 174801.8 | 3627384.8 | 3002376.9 |
| Recurrent | 0.0 | 79468.2 | 0.0 | 209461.5 | 324188.9 |
| Wages | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-Wages | 0.0 | 79468.2 | 0.0 | 209461.5 | 324188.9 |
| Capital | 0.0 | 143647.0 | 174801.8 | 3417923.3 | 2678188.0 |
| Domestic | 0.0 | 0.0 | 31154.8 | 580987.2 | 179458.1 |
| Donor | 0.0 | 143647.0 | 143647.0 | 2836936.1 | 2498729.9 |
| Irrigation | 11177385.7 | 9515139.8 | 9529956.8 | 10391438.8 | 17324384.9 |
| Recurrent | 4743372.7 | 6059797.3 | 5782903.9 | 6161077.0 | 6638589.1 |
| Wages | 195542.9 | 120892.4 | 0.0 | 35531.7 | 518030.7 |
| Non-Wages | 4547829.8 | 5938904.9 | 5782903.9 | 6125545.3 | 6120558.4 |
| Capital | 6434013.0 | 3455342.4 | 3747052.9 | 4230361.8 | 10685795.8 |
| Domestic | 1199510.6 | 1448543.4 | 2153314.3 | 3546874.0 | 5114689.4 |
| Donor | 5234502.4 | 2006799.0 | 1593738.6 | 683487.8 | 5571106.4 |
| Policy Formulation and Administration | 1686136.5 | 419896.0 | 1901669.3 | 152209.7 | 138749.7 |
| Recurrent | 1447326.5 | 417546.0 | 597684.3 | 151109.7 | 138749.7 |
| Wages | 67143.6 | 83501.9 | 100171.9 | 115737.1 | 115691.9 |
| Non-Wages | 1380182.9 | 334044.1 | 497512.4 | 35372.6 | 23057.8 |

| | | | | | |
|----------|----------|--------|-----------|--------|-----|
| Capital | 238810.0 | 2350.0 | 1303985.0 | 1100.0 | 0.0 |
| Domestic | 238810.0 | 2350.0 | 1303985.0 | 1100.0 | 0.0 |
| Donor | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Recurrent and Development Spending by Facility Level, Percentage (%) – Education (2E)

| Education | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Primary school | 18,051,920.8 | 22,382,146.8 | 23,989,314.8 | 29,139,323.8 | 22,708,287.3 |
| % of Total | | | | | |
| Recurrent | 74.3% | 71.2% | 71.3% | 76.3% | 97.4% |
| Capital | 25.7% | 28.8% | 28.7% | 23.7% | 2.6% |
| % of Recurrent | | | | | |
| Wages | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Non-Wages | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Middle school | 33,211,459.2 | 39,046,286.5 | 41,747,362.6 | 53,838,104.9 | 37,704,566.8 |
| % of Total | | | | | |
| Recurrent | 73.6% | 71.9% | 75.3% | 77.1% | 97.2% |
| Capital | 26.4% | 28.1% | 24.7% | 22.9% | 2.8% |
| % of Recurrent | | | | | |
| Wages | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Non-Wages | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| High school | 14,331,816.3 | 16,083,180.0 | 20,580,923.7 | 24,448,090.5 | 16,388,221.1 |
| % of Total | | | | | |
| Recurrent | 73.6% | 71.9% | 61.2% | 68.5% | 96.4% |
| Capital | 26.4% | 28.1% | 38.8% | 31.5% | 3.6% |
| % of Recurrent | | | | | |
| Wages | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Non-Wages | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Initial vocational | 1,014,485.6 | 1,292,177.1 | 2,874,658.6 | 2,096,833.0 | 2,810,037.6 |
| % of Total | | | | | |
| Recurrent | 100.0% | 99.2% | 53.6% | 100.0% | 71.0% |
| Capital | 0.0% | 0.8% | 46.4% | 0.0% | 29.0% |
| % of Recurrent | | | | | |
| Wages | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Non-Wages | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Middle vocational | 1,827,555.9 | 2,216,663.3 | 3,876,509.4 | 3,539,785.8 | 3,869,781.4 |
| % of Total | | | | | |
| Recurrent | 96.1% | 96.0% | 63.0% | 89.4% | 78.9% |
| Capital | 3.9% | 4.0% | 37.0% | 10.6% | 21.1% |
| % of Recurrent | | | | | |

| | | | | | |
|------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Wages | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Non-Wages | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Higher professional | 4,923,438.2 | 5,175,607.2 | 6,277,105.4 | 7,418,550.8 | 7,226,695.8 |
| % of Total | | | | | |
| Recurrent | 94.0% | 97.5% | 99.5% | 99.1% | 100.0% |
| Capital | 6.0% | 2.5% | 0.5% | 0.9% | 0.0% |
| % of Recurrent | | | | | |
| Wages | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Non-Wages | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Post-graduate professional | 378,971.1 | 322,798.9 | 561,386.9 | 600,257.8 | 651,717.4 |
| % of Total | | | | | |
| Recurrent | 100.0% | 97.9% | 100.0% | 100.0% | 100.0% |
| Capital | 0.0% | 2.1% | 0.0% | 0.0% | 0.0% |
| % of Recurrent | | | | | |
| Wages | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Non-Wages | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Out-of school education | 2,477,118.5 | 2,037,266.5 | 2,146,181.3 | 3,491,592.4 | 2,313,310.6 |
| % of Total | | | | | |
| Recurrent | 40.3% | 59.9% | 78.5% | 68.6% | 100.0% |
| Capital | 59.7% | 40.1% | 21.5% | 31.4% | 0.0% |
| % of Recurrent | | | | | |
| Wages | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Non-Wages | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Additional education | 0.0 | 0.0 | 771,963.3 | 1,274,935.7 | 952,360.0 |
| % of Total | | | | | |
| Recurrent | #DIV/0! | #DIV/0! | 99.6% | 95.1% | 100.0% |
| Capital | #DIV/0! | #DIV/0! | 0.4% | 4.9% | 0.0% |
| % of Recurrent | | | | | |
| Wages | #DIV/0! | #DIV/0! | 0.0% | 0.0% | 0.0% |
| Non-Wages | #DIV/0! | #DIV/0! | 100.0% | 100.0% | 100.0% |
| Education Administration and Support Services | 646,869.3 | 662,253.0 | 759,140.0 | 1,102,348.5 | 1,045,473.7 |
| % of Total | | | | | |
| Recurrent | 93.6% | 88.5% | 97.0% | 90.6% | 100.0% |
| Capital | 6.4% | 11.5% | 3.0% | 9.4% | 0.0% |
| % of Recurrent | | | | | |
| Wages | 48.8% | 52.3% | 52.3% | 46.6% | 45.9% |
| Non-Wages | 51.2% | 47.7% | 47.7% | 53.4% | 54.1% |

Recurrent and Development Spending by Facility Level, Percentage (%) – Health (2H)

| Health | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|---------------------------------------------------------------------------|------|------|------|--------------------|---------------------|
| Public health primary (ambulatory-polyclinic)care services | | | | | |
| % of Total | | | | | |
| Recurrent | 100 | 100 | 100 | 100 | 100 |
| Capital | 0 | 0 | 0 | 0 | 0 |
| % of Recurrent | | | | | |
| Wages | 0 | 0 | 0 | 0 | 0 |
| Non-Wages | 100 | 100 | 100 | 100 | 100 |
| Services of obstetrical- gynecological medical assistance | | | | | |
| % of Total | | | | | |
| Recurrent | 100 | 100 | 100 | 100 | 100 |
| Capital | 0 | 0 | 0 | 0 | 0 |
| % of Recurrent | | | | | |
| Wages | 0 | 0 | 0 | 0 | 0 |
| Non-Wages | 100 | 100 | 100 | 100 | 100 |
| Hospital medical aid services | | | | | |
| % of Total | | | | | |
| Recurrent | 96 | 94.3 | 100 | 100 | 100 |
| Capital | 4 | 5.7 | 0 | 0 | 0 |
| % of Recurrent | | | | | |
| Wages | 0 | 0 | 0 | 0 | 0 |
| Non-Wages | 100 | 100 | 100 | 100 | 100 |
| Public health services | | | | | |
| % of Total | | | | | |
| Recurrent | 98.7 | 76.1 | 100 | 100 | 100 |
| Capital | 1.3 | 23.9 | 0 | 0 | 0 |
| % of Recurrent | | | | | |
| Wages | 0 | 0 | 0 | 0 | 0 |
| Non-Wages | 100 | 100 | 100 | 100 | 100 |
| Paramedical services and other supportive services | | | | | |
| % of Total | | | | | |
| Recurrent | 36.2 | 43.6 | 40.2 | 53.6 | 60.7 |
| Capital | 63.8 | 56.4 | 59.8 | 46.4 | 39.3 |

| | | | | | |
|----------------------------------------------|------|------|------|------|------|
| % of Recurrent | | | | | |
| Wages | 0 | 0 | 0 | 0 | 0 |
| Non-Wages | 100 | 100 | 100 | 100 | 100 |
| Policy Formulation and Administration | | | | | |
| % of Total | | | | | |
| Recurrent | 100 | 99.4 | 100 | 100 | 100 |
| Capital | | 0.6 | | | |
| % of Recurrent | | | | | |
| Wages | 63.9 | 74 | 89.9 | 90.9 | 92.2 |
| Non-Wages | 36.1 | 26 | 10.1 | 9.1 | 7.8 |

Recurrent and Development Spending by Facility Level, Percentage (%) – Water (2W)

| Water, AMD ,000 | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|----------------------------------------------|------|------|-------|-----------------|------------------|
| Water Supply | | | | | |
| % of Total | | | | | |
| Recurrent | 52.1 | 43.3 | 35.4 | 20.2 | 13.7 |
| Capital | 47.9 | 56.7 | 64.6 | 79.8 | 86.3 |
| % of Recurrent | | | | | |
| Wages | 28.7 | 26.9 | 22.3 | 0.9 | 0.2 |
| Non-Wages | 71.3 | 73.1 | 77.7 | 99.1 | 99.8 |
| Sewerage | | | | | |
| % of Total | | | | | |
| Recurrent | - | - | 0 | 5.8 | 10.8 |
| Capital | - | - | 100 | 94.2 | 89.2 |
| % of Recurrent | | | | | |
| Wages | - | - | - | 0 | 0 |
| Non-Wages | - | - | - | 100 | 100 |
| Irrigation | | | | | |
| % of Total | | | | | |
| Recurrent | 42.4 | 63.7 | 60.7 | 59.3 | 38.3 |
| Capital | 57.6 | 36.3 | 39.3 | 40.7 | 61.7 |
| % of Recurrent | | | | | |
| Wages | 4.1 | 2.0 | 0.0 | 0.6 | 7.8 |
| Non-Wages | 95.9 | 98.0 | 100.0 | 99.4 | 92.2 |
| Policy Formulation and Administration | | | | | |
| % of Total | | | | | |
| Recurrent | 85.8 | 99.4 | 31.4 | 99.3 | 100.0 |
| Capital | 14.2 | 0.6 | 68.6 | 0.7 | 0.0 |
| % of Recurrent | | | | | |
| Wages | 4.6 | 20.0 | 16.8 | 76.6 | 83.4 |

| | | | | | |
|-----------|------|------|------|------|------|
| Non-Wages | 95.4 | 80.0 | 83.2 | 23.4 | 16.6 |
|-----------|------|------|------|------|------|

Recurrent and Development Spending by Sector, Amount – Education (3E)

| | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|-------------------------------------|---------------------|---------------------|----------------------|----------------------|---------------------|
| Total Education Expenditures | 76,863,635.0 | 89,218,379.2 | 103,584,546.0 | 126,949,823.0 | 95,670,451.8 |
| Recurrent | 57,784,457.6 | 66,148,703.6 | 75,113,876.6 | 98,308,693.9 | 91,803,512.6 |
| Wages | 295,734.4 | 306,691.8 | 385,398.2 | 464,959.1 | 479,880.2 |
| Non-Wages | 57,488,723.2 | 65,842,011.8 | 74,728,478.4 | 97,843,734.8 | 91,323,632.4 |
| Capital | 19,079,177.4 | 23,069,675.6 | 28,470,669.4 | 28,641,129.1 | 3,866,939.2 |
| Domestic | 9,606,463.0 | 15,893,797.8 | 22,673,963.1 | 27,852,469.7 | 599,065.8 |
| Donor | 9,472,714.4 | 7,175,877.8 | 5,796,706.3 | 788,659.4 | 3,267,873.4 |

Recurrent and Development Spending by Sector, Amount – Health (3H)

| | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|----------------------------------|-------------------|-------------------|-------------------|--------------------|---------------------|
| Total Health Expenditures | 39,410,183 | 46,653,731 | 54,473,456 | 66,087,610 | 55,133,420 |
| Recurrent | 33,920,154 | 39,481,044 | 47,026,200 | 60,125,393 | 51,567,828 |
| Wages | 466,623 | 624,510 | 817,801 | 1,039,745 | 996,236 |
| Non-Wages | 33,453,531 | 38,856,534 | 46,208,399 | 59,085,648 | 50,571,592 |
| Capital | 5,490,030 | 7,172,687 | 7,447,256 | 5,962,218 | 3,565,592 |
| Domestic | 5,490,030 | 7,172,687 | 7,447,256 | 5,962,218 | 3,565,592 |
| Donor | - | - | - | - | - |

Recurrent and Development Spending by Sector, Amount – Water (3W)

| | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Water Expenditures | 19,571,878.3 | 15,917,289.1 | 19,076,057.9 | 27,584,853.8 | 43,381,487.4 |
| Recurrent | 9,685,422.4 | 9,048,070.5 | 9,022,321.0 | 9,224,788.0 | 10,241,389.2 |
| Wages | 1,265,548.8 | 874,207.6 | 690,412.7 | 176,798.0 | 639,616.8 |
| Non-Wages | 8,419,873.6 | 8,173,862.8 | 8,331,908.3 | 9,047,990.0 | 9,601,772.4 |
| Capital | 9,886,455.9 | 6,869,218.6 | 10,053,736.9 | 18,360,065.8 | 33,140,098.2 |
| Domestic | 1,863,771.0 | 1,933,302.5 | 4,214,004.3 | 8,185,646.1 | 10,261,913.8 |
| Donor | 8,022,684.9 | 4,935,916.1 | 5,839,732.6 | 10,174,419.7 | 22,878,184.4 |

Recurrent & Development Spending by Sector, Percent (%) – Education (4E)

| | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|-------------------------------------|------|------|------|--------------------|---------------------|
| Total Education Expenditures | | | | | |
| % of Total | | | | | |
| Recurrent | 75.2 | 74.1 | 72.5 | 77.4 | 96.0 |
| Capital | 24.8 | 25.9 | 27.5 | 22.6 | 4.0 |
| % of Recurrent | | | | | |
| Wages | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Non-wages | 99.5 | 99.5 | 99.5 | 99.5 | 99.5 |

Recurrent & Development Spending by Sector, Percent (%) – Health (4H)

| | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|----------------------------------|------|------|------|--------------------|---------------------|
| Total Health Expenditures | | | | | |
| % of Total | | | | | |
| Recurrent | 86.1 | 84.6 | 95.7 | 99.1 | 93.5 |
| Capital | 13.9 | 15.4 | 13.7 | 9 | 6.5 |
| % of Recurrent | | | | | |
| Wages | 1.4 | 1.6 | 1.7 | 1.7 | 1.9 |
| Non-wages | 98.6 | 98.5 | 98.3 | 98.3 | 99.1 |

Recurrent & Development Spending by Sector, Percent (%) – Water (4W)

| | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|---------------------------------|------|------|------|--------------------|---------------------|
| Total Water Expenditures | | | | | |
| % of Total | | | | | |
| Recurrent | 49.5 | 56.8 | 47.3 | 33.4 | 23.6 |
| Capital | 50.5 | 43.2 | 52.7 | 66.6 | 76.4 |
| % of Recurrent | | | | | |
| Wages | 13.1 | 9.7 | 7.7 | 1.9 | 6.2 |
| Non-wages | 86.9 | 90.3 | 92.3 | 98.1 | 93.8 |

Sources of Spending by Sector, 2008 (5)

| | Expenditures (Amount) | Percent of GDP | Percent of Sector Expenses |
|---------------------------|--------------------------|-------------------|-------------------------------|
| Education | | | |
| Total | 172,860,446.0 | 4.74% | 100% |
| Government | 96,952,041.5 | 2.66% | 56.09% |
| National | 96,952,041.5 | 2.66% | 56.09% |
| Provincial/Regional/State | 0.0 | 0.00% | 0.00% |
| Local/District | 0.0 | 0.00% | 0.00% |
| Household | 69,275,900.0 | 1.90% | 40.08% |

| | | | |
|---------------------------|--------------|-------|-------|
| Donor/Foreign Assistance | 6,632,504.5 | 0.18% | 3.84% |
| Health | | | |
| Total | 85,047,983.3 | 1.5% | 100% |
| Government | 54,473,456 | 1.5% | 64.1% |
| National | 54,473,456 | 1.5% | 64.1% |
| Provincial/Regional/State | 0 | 0 | 0 |
| Local/District | 0 | 0 | 0 |
| Household ¹¹ | 30,574,527 | 0.8% | 35.9% |
| Donor/Foreign Assistance | 0 | 0 | 0 |
| Water | | | |
| Total | 43,428,151.9 | 1.2% | 100% |
| Government | 13,236,325.3 | 0.4% | 30.5% |
| National | 13,236,325.3 | 0.4% | 30.5% |
| Provincial/Regional/State | 0 | 0 | 0 |
| Local/District | 0 | 0 | 0 |
| Household | 24,352,094 | 0.7% | 56.1% |
| Donor/Foreign Assistance | 5,839,732.6 | 0.2% | 13.4% |

General Country Data (6)

| | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|------------|---------------|---------------|---------------|-----------------------------|---------------------|
| GDP | 2,656,189,800 | 3,149,283,400 | 3,646,111,300 | 4,169,300,000 ¹² | 3,214,600,000 |
| Population | 3,222,700 | 3,230,100 | 3,238,400 | 3,245,836 | 3,253,289 |

ASSUMPTIONS MADE

Education

Below is the list of main assumptions used for the preparation of PBA tables.

1. For the purpose of allocation of General Education related costs to Primary, Middle and High school programs the following rates were calculated and applied based on the principle described in the first bullet point on Cost Allocations paragraph of Education section of the Methodology part (see above):
 - a. For 2006 year - 27%, 51% and 22% for Primary, Middle and High school programs respectively;
 - b. For 2007 to 2010 years – 28%, 51% and 21% respectively.
2. For the years 2006 and 2007, when the State Budget did not separate higher professional education costs and post-graduate professional education costs, special rates were calculated and used in amount of 92% and 8% respectively for the costs attributable to the both programs, based on 2008-2010 data for the same programs.

¹¹ Calculations are made using the AST survey results for BIA

¹² As of November 2009, the forecast for GDP was significantly adjusted due to the economic crisis. The revised forecast is AMD3,116,000,000

3. In the PBA form “General Country Data (6)” population for 2009 and 2010 was calculated based on average actual growth rate for 2006-2008 (about 0.23% per year).

Health

Capital investments in the sector are mostly funded by the World Bank project. (Construction and renovation of out-patient clinics and family practitioners offices, provision of medical equipment, medical technologies and medical cars, etc.). The project has financed the construction and purchase of non-financial assets for different purpose (including primary healthcare institutions, family doctors’ offices, hospitals). It was not possible, however, to obtain the breakdown of the expenditures of the above project by years and by programs (e.g. primary healthcare vs. hospitals). Therefore, the approach taken was similar to the state budget’s approach to incorporate those expenditures in “Paramedical and support services” program. The same was applied for medical equipment and vehicles.

Water

The biggest challenge was to breakdown the water supply and sewerage programs as they are heavily interconnected within the same system. Some specific reviews allowed making an assumption that in most of the cases when the projects or programs were titled using the both areas, in fact the expenditures were made in the water supply activities only. Thus, the assumption in making the cost allocation by programs was that unless there is a specific information on sewerage system investments, the costs were allocated to water supply program. For those programs that a more specific information on sewerage components was available, relevant costs were allocated to “Sewerage” program.

Another issue on costs identification and breakdown is associated with specific donor programs (e.g. Abu-Dhabi Development Fund project) where wages component was not possible to obtain due to low transparency on wages in such externally funded project. Based on our specific review we calculated that the wage component in recurrent expenditures in similar projects is about 45% - the ratio that we also used in our tables.

We also assumed that currently the water sector organizations do not get profits at this stage¹³. These organizations also are tax-holidayed for environmental fees. In addition, the water charge calculations do not use the capital investment volumes as a factor. With all the factors above, it is impossible to get profit with the current water fees. Thus, we assumed that the operating companies themselves do not invest in infrastructure and therefore, the state budget and donors are the main institutional sources for expenditures in this area.

¹³ There were some specific cases when the company was profitable and used the profits in investing in future year, however, those are quite rare cases

RESULTS AND DISCUSSION

General results

Since 2003 Armenian public expenditure policy has been governed and directed by the Poverty Reduction Strategy Program (PRSP), adopted by the Government of RA and revised time to time till 2009. This document became the main strategic program for the Government for economic and fiscal policies and provided the priority areas of Government activities and State Budget allocations. Parallel to PRSP, Mid-Term Expenditure Framework (MTEF) has been introduced in public expenditure management system to link the adopted policies and strategies with annual budgeting and resource allocation. This framework was designed to cover 3-year period of state expenditures planning and to be revised annually to cover changes in policy and include the next fiscal year projections. MTEF reflects state policies and priorities by providing detailed planning and costing, meantime it becomes the basis for preparation of annual state budgets.

The effects of the medium-term planning process had been enhanced by introduction of specific elements of program budgeting in the country. More specifically, the government started to incorporate some basic performance data in budget documentations. This report will also enable government decision-makers to align their announced strategies with the aggregated budget data. As indicated above, if there are several dozens programs/project/activities in the budget (e.g. education) which are linked to just few key policies, then it becomes hard for any decision maker to link the announced policy with specific budget allocations aggregated at the sensible and applicable level.

So, the most important result of this report is ability to present the data in more comprehensible formats and budget allocation levels, which are directly linked with the level of policy decision-making.

More specific discussion by sectors as well as analysis on policy-budget-performance linkage is presented below.

Education

PRSP and consequently MTEF have established Armenian Education system as one of the top priority sectors for state expenditures. The state budget allocations for the period 2006-2009 were in average 14% annually, which brought to average 20% of annual nominal growth rate of education expenditure. This in its turn resulted in increase of the share of education state expenditures in GDP for the same period from 2.5% to 3.0%.

As PBA tables show, the highest portion of education state expenditures is allocated to the General Education subsector – in average 85% for the years 2006-2009. The General Education schools' recurrent financing for the same period increased from about 44.9 bln. AMD to about 75.6 bln. AMD. At the same period the number of General Education students declined from about 462800 to about 408900, bringing to the increase in per student financing increase by about 100% or from about 97000 AMD to about 179000 AMD. The particular results of these trends were improved

school maintenance conditions, as well as the growth of school teachers' salaries in average up to per capita GDP, making teacher position more attractive in the job market and teachers being more motivated to ensure higher quality of teaching and increased exposure to the ongoing reforms in the content and methodologies of education.

The number of students in general education (basic output data) is presented below¹⁴:

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------------|------------|------------|------------|------------|------------|
| Primary | 123,522 | 121,839 | 115,000 | 112,511 | 109,079 |
| Middle | 237,761 | 223,586 | 213,424 | 210,312 | 201,925 |
| High | 101,529 | 91,356 | 86,164 | 86,113 | 81,600 |
| Total | 462,812 | 436,781 | 414,588 | 408,936 | 392,604 |
| Financing | 44,989,762 | 52,094,843 | 57,872,226 | 75,650,752 | 70,156,009 |
| Per Pupil (unit cost) | 97.21 | 119.27 | 139.59 | 184.99 | 178.7 |

The number of students in other education sub-sectors (basic output data) is presented below:

| | 2006 | | 2007 | | 2008 | | 2009 | |
|-------------------------------------------------------------------|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| | Number of state-financed students | Number of fee paying students | Number of state-financed students | Number of fee paying students | Number of state-financed students | Number of fee paying students | Number of state-financed students | Number of fee paying students |
| Initial Professional and Middle Professional Vocational Education | | | | | | | | |
| 1. Initial Professional Vocational Education | 2880 | 83 | 3948 | 147 | 4129 | 115 | 4269 | 312 |
| 2. Middle Professional Vocational Education | 21156 | 6681 | 21144 | 7161 | 21385 | 7513 | 21157 | 8475 |
| Higher Education | | | | | | | | |
| 1. Higher (Undergraduate and Graduate) Professional Education | 20657 | 56600 | 20750 | 64779 | 20745 | 70292 | 21144 | 75474 |
| 2. Post-Graduate Professional Education | 1309 | 219 | 1279 | 230 | 1203 | 211 | 1103 | 217 |
| Education Not Classified by Educational Levels | | | | | | | | |
| 1. Out-of-School Education | 13549 | 21643 | 14256 | 21030 | 14175 | 21174 | 15063 | 22406 |

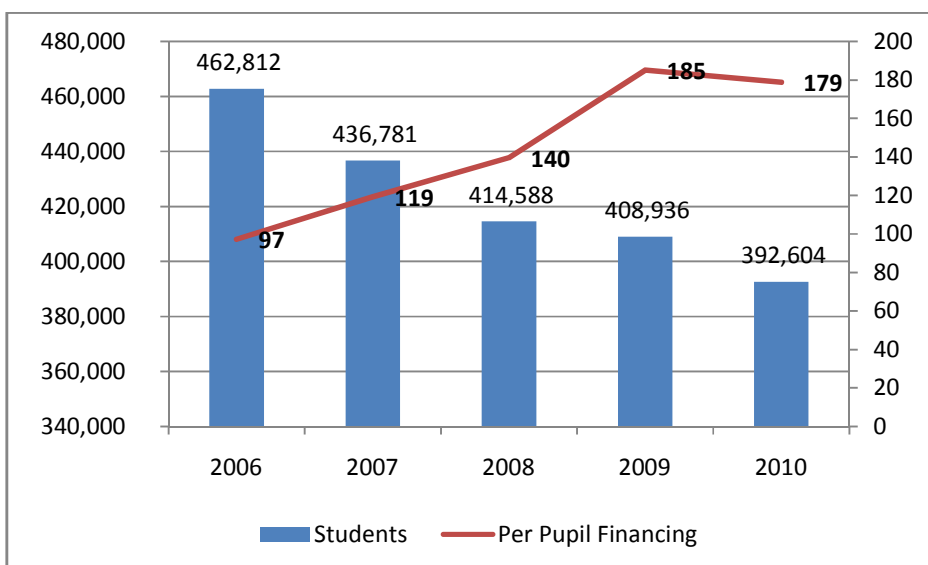
¹⁴ As the education calendar year (September to June) differs from the general calendar year (Jan-Dec), the numbers reflect the average number transformed to the general calendar year.

In parallel to the increase in school financing, wide-spread reforms of General Education quality and relevance were under way. They covered the following key areas:

1. Transfer to 12-year education to be fully compatible with European educational area;
2. Development and introduction of General Education National Curriculum Framework, 12-year education subject syllabi and standards for all school grades and subjects, as well as corresponding new subject textbooks;
3. Development and introduction of new assessment system, including formative and summative assessments and establishment of Assessment and Testing Center for organization and conducting of unified school graduation and university entrance exams;
4. Provision of computer equipment to all schools in Armenia, increasing the ratio of computer/pupil ratio in the country from 1/300 to almost 1/30;
5. Establishing a school internet network with 640 schools included currently and ensuring high speed 24 hour internet connection financed from the State Budget proceeds;
6. Development and provision of electronic learning materials and computerized subject software to schools for about 10 school subjects and establishment of fully functioning school web portal (www.armedu.am);
7. Establishment of National Center for Educational Technologies to coordinate and maintain reforms in integration of information and communication technologies into school teaching and learning processes;
8. Implementation of extensive teacher training campaigns in new curriculum, syllabi, assessment, use of ICT in teaching process, cooperative learning methods and other areas and ensuring participation of about 60000 teachers in all kinds of trainings;
9. Transfer of general schools from line-by-line state budget financing to lump sum financing based on per student financing formula, increase of autonomy and local governance of schools;
10. Launch of the project for establishment of separately operating high schools network to be comprised of 150-200 high schools;
11. Launch of Preschool Education Development project for introduction of low-cost pre-school micro-projects in schools and kinder-gartens, etc.

One of the extensively growing areas of General Education financing was construction and renovation of school buildings, as well as installation of local gas-based heating systems in schools. The capital expenditures occurred in 2006-2008 for these purposes (both domestic and donor financed) were AMD 17 bln, 22 bln and 25 bln correspondingly, bringing to about 600 schools renovated and constructed. 2009 State Budget allocated AMD 27 bln. for General Education capital expenditures, however the financial-economic crisis strongly harmed Armenia's economy and decreased tax collections in 2009. As a result the most part of planned renovation and construction works were delayed to the fourth quarter of 2009, and their implementation most probably will be stopped until the economy and state budget recover.

2010 draft state budget provides almost no capital expenditures – about 97% of General Education costs is recurrent costs. No renovation or construction works are planned, several other investment costs previously planned for 2010 are postponed. Recurrent costs for 2010 are about 88% of the same costs for 2009. Recurrent financing for schools is reduced from AMD 75 bln to AMD 70 bln, however, this decrease is not a result of per student financing cut (unit cost reduction), it is more the result of decrease in the number of students – a result of demographical shift in population.



Health

Health sector, budget and policies are in the center of population’s interest and this has its own impact on government policy-making processes and public behavior. Health sector priorities, targets and program initiatives are reflected in the Medium-Term Expenditures Framework, Sector strategies (“Mother and Child”, “Primary Healthcare” strategies), etc. In many transition countries like Armenia, health sector often receives a particular share of GDP (or budget) and then the sector authorities try to fit all priorities into those ceilings (which may be not be realistic and adequate to the announced policies).

In Armenia, the primary healthcare sector and its development was announced as a priority. The government consistently increases budget allocations to this sector in order to achieve announced goals. Thus, the share of the primary healthcare services constantly increases in the total allocation for healthcare.

As a result, there was a significant increase in the use of Primary healthcare services to the population in recent years (which positively indicates about policy-budget-result chain).

The increase of the number of services in Primary healthcare program can be explained by both improvement in the access of the services and decline in the overall health level of the population. Performance indicators could shed some light on the causes of this.

The number of primary healthcare services is constantly growing since 2001 (with 1.8 ratio) according to the Ministry of Health statistics data. There is also an increase in the hospital services. Moreover, the number of instances (first time illness records) also has increased.

The table below presents general data on healthcare services dynamics.

| | 2006 | 2007 | 2008 |
|--------------------------------------------------|--------|--------|--------|
| Primary healthcare services, per 1000 population | 2.8 | 2.8 | 3.3 |
| Hospital services, per 1000 population | 5 | 5.3 | 5.6 |
| Incidence, number of cases | 471082 | 479302 | 533684 |
| Morbidity, number of cases | 892332 | 920141 | 999981 |

The most important decease types by years are as follows:

| | 2006 | 2007 | 2008 |
|------------------------------------------|--------|--------|--------|
| Circulatory system diseases | 123189 | 133614 | 151047 |
| Respiratory Diseases | 185685 | 189360 | 210511 |
| Digestive organ's diseases | 73375 | 74805 | 76673 |
| Natal and postnatal complications | 19948 | 19153 | 18865 |
| Mortality by Circulatory system diseases | 13587 | 13504 | 13681 |
| Mortality by neoplasm | 5188 | 5221 | 5505 |
| Mortality by Respiratory Diseases | 2008 | 1893 | 1792 |

The natal/maternity services had been announced as priority in 2008. Therefore, the budget allocations since then have significantly increased, making bigger portion in total healthcare budget. As the core segment of the announced policy changes the future parents started receiving maternity services certificate which ensured full coverage of services by the government.

According to the current monitoring data, the announced policy changes have positive effects in promoting birth rates. The policy has impacted the comprehension of government's full support in this area and that the maternity services become more accessible and quality. To support this, the government also promoted increase of the wages of the medical personnel by several times and the Ministry of Health puts significant efforts in regular monitoring of the process. The Ministry of Health statistics provides the following data in this field.

| | 2006 | 2007 | 2008 |
|-------------------------------------|-------|-------|-------|
| Population natural growth, per 1000 | 3.24 | 4.11 | 4.26 |
| Live births | 37639 | 40105 | 41185 |

However, in the policy-budget-result chain there is still poor relationship between the budgets and quality indicators of services. Ministries and agencies mostly utilize basic quantity indicators to report on performance and during budget planning. It is also too early to record strong relationship between the allocated budgets (incremental changes) and health prevention and other outcomes. Such poor management culture is also linked with scarce funding on proper Public Financial Management processes that could help in improvement and linking policies with budgets.

Anyway, it is still factually correct to note the overall health budget is constantly improving and there is more need to improve budget justifications using performance-based budgeting approaches. The Ministry of Health aims at producing a “Health System Performance Assessment” which will supplement the program budgeting efforts.

The table below presents the summary data on comparative share of the state and households in healthcare expenditures by programs identified in this report. Unfortunately the data is available only for 2008 (as a result of our own survey – no external source was available to have a dynamic picture). However, even for this one year it noticeable that the state has a major role in provision of health services almost in all programs, especially for Primary healthcare and Obstetrical-gynecological services, where the government has announced a priority support. As we see, the sector that has not received specific policy attention, i.e. the hospital services, stands well behind of other programs in the share of the state in total expenditures. In fact, it is even below the 50% level, which means that for that specific program the population takes most of the care itself.

| <i>2008 data, in 000 AMD</i> | Expenditures | | | % to total | |
|----------------------------------------------------------|---------------------|-------------------|-------------------|-------------------|------------|
| | State | HH | Total | State | HH |
| Public health primary care services | 18,280,513 | 9,587,080 | 27,867,593 | 66% | 34% |
| Services of obstetrical-gynecological medical assistance | 5,108,887 | 1,371,330 | 6,480,217 | 79% | 21% |
| Hospital medical aid services | 14,889,779 | 17,179,516 | 32,069,295 | 46% | 54% |
| Public health services | 2,829,200 | 2,139,454 | 4,968,654 | 57% | 43% |
| Paramedical services and other supportive services | 12,454,542 | 297,146 | 12,751,688 | 98% | 2% |
| Policy Formulation and Administration | 910,534 | - | 910,534 | 100% | 0% |
| TOTAL | 54,473,455 | 30,574,527 | 85,047,982 | 64% | 36% |

Water

This report indicates that significant amounts are allocated to water sector each year mainly for the purposes of financing the development projects (infrastructure investments). The same trend is expected for 2009-2010 period. The main conclusions out of this analytic process are as follows:

1. In 2006-2008 period the major portion of expenditures from the state budget in water sector were of a recurrent nature. However, the trends indicate a reduction of the latter in overall sector expenditures. This is a reflection of an increasing depreciation of the water infrastructure in the country and government’s response to address this issue, i.e. to attract significant investments and initiate major programs to keep the infrastructure operational.
2. Salaries/wages component in the sector expenditures is quite low – less than 10%. This accounts for relative higher costs for infrastructure development and lower expenses in

sector policy formulation and research activities. The above statement is also coupled with generally low level of salaries in the sector.

3. Donor funding was always the major player in infrastructure development and thus having significant portion in the sector funding.
4. Sewerage system improvement and development project initiated only starting from 2008 and significant investments are planned for 2009-2010 period. Particularly, the major project is envisaged for sewerage and cleaning infrastructure development in the Sevan lake area.

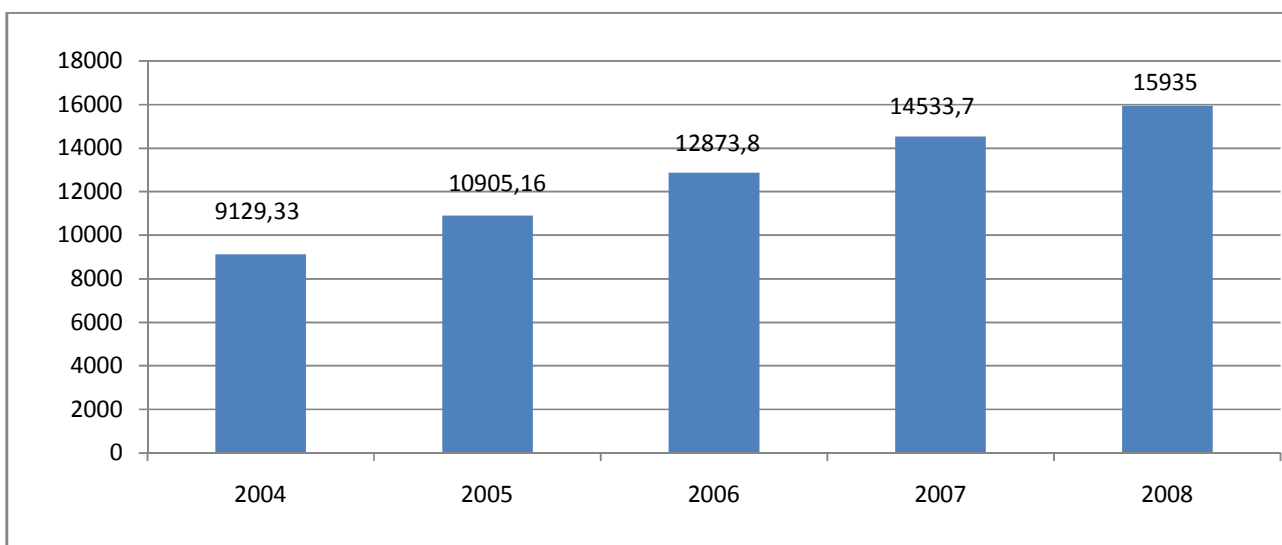
More generally, in order to assess the effectiveness and performance of the programs in water sector, we need to take into account the following aspects. All programs and projects implemented/planned during 2006-2009 period were based on concepts regulated by Water Code, Water Management National Strategy, legislation on policy regulations and government decrees on water sector management issues (including Poverty Reduction Support Strategy - PRSP). All these in combination have set the priorities, goals and targets for the water sector development.

From this perspective, the results indicate that the activities were properly targeted and improvements have been noticed in structural reforms, introduction of recording/enrollment systems, improvement in water supply intervals and water quality, control mechanisms of private contractual relations, water charge collection ratio, decrease in technical loss of water, efficiency of the operating companies, wide-scale installation of water meters, effective use of budget and donor resources, attraction of new credits and grants into the sector, etc.

The review of the operations and performance of the companies indicate that the programs are being implemented and there is also an increase in population's confidence towards the sector companies due to above improvements (increased water charge collection ratios).

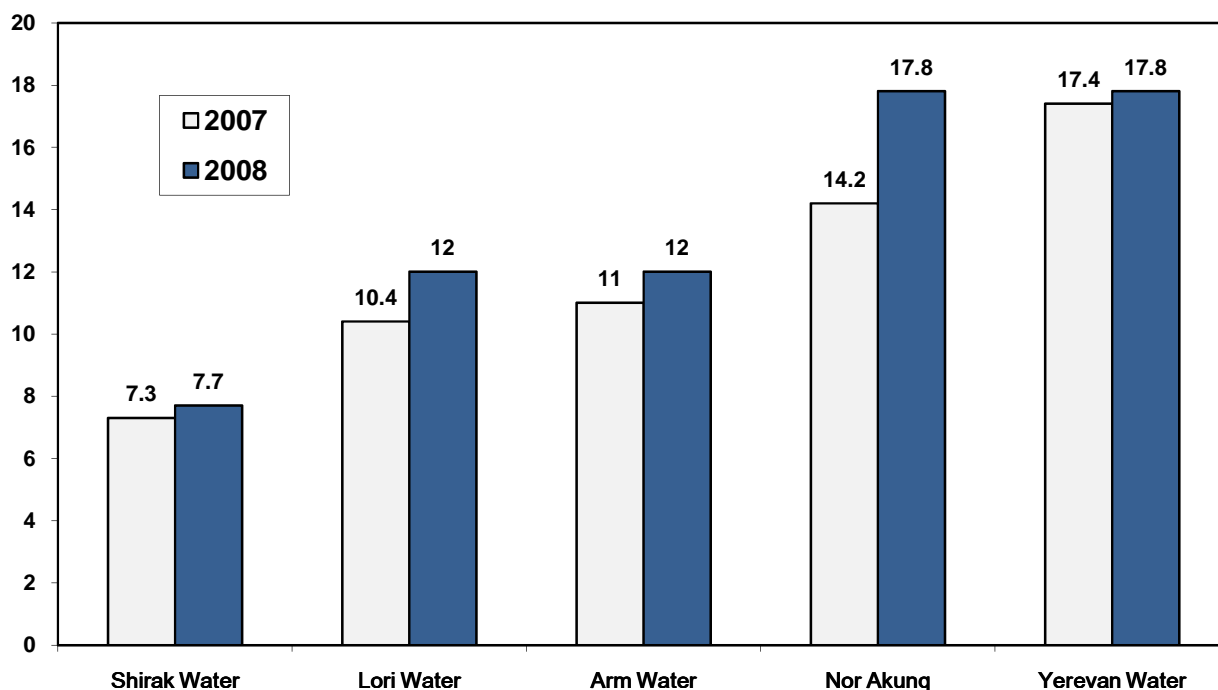
The annual dynamics for 2008 indicates that water sector charges for supplies have increased by 1.38 billion AMD and (15.93 billions AMD in total, or almost by 10%). In particular, the drinking water supply charges have increased by 770 millions AMD (12.49 billions AMD) and by 610 millions AMD for irrigation supplies (3.44 billions AMD).

Drinking water and irrigation charge collection for 2004-2008 period (millions of AMD)



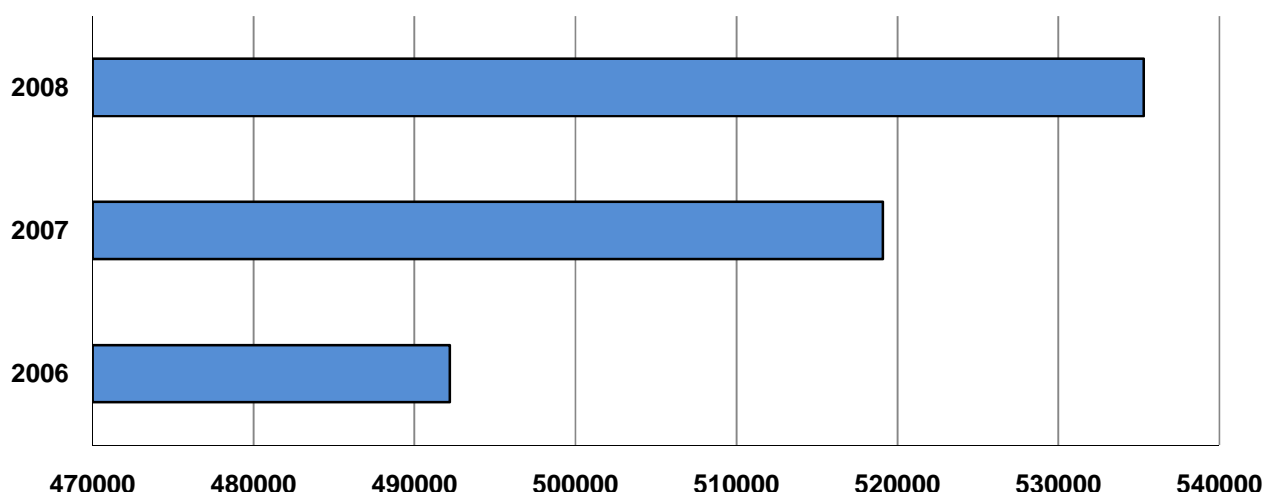
The effectiveness of the invested resources is backed with the positive trends in the water supply intervals. All operating companies have registered improvement in this aspect.

Average water supply intervals during 2007-2008 (hours per day)



As mentioned above, the reforms also covered improvements in water supply registries and assets optimization and accounting processes. At the same time, increase in water metering system installation has also continued, which has increase by more than 16 thousand meters.

Number of water consumption meters installed



The above also corresponded with the increase of total number of users (consumers) in the water sector. The dynamics of the last few years is as follows.

| | 2006 | 2007 | 2008 | 2009 |
|-----------------|--------|--------|--------|--------|
| Number of users | 709046 | 713933 | 720235 | 725746 |

The main capital construction (investment) activities for both the state budget and donor projects were capital renovation of the main and operating facilities, water reservoirs development, renovation and improvement, optimization and construction of the drinking water and sewerage pipeline systems, etc.

In terms of relative roles of the state and households, it turns that the water sector is significantly less dependant on the state interventions than education and health. This is especially important for drinking water supply expenditures, where almost 70% of the total expenditures are private. This is a very important measurement that allows to make long-running estimates and assess policy options in future budget decisions (e.g. on subsidizing the drinking water sector).

| 2008, in 000 AMD | Expenditures | | | % to total | |
|---------------------------------------|--------------|------------|------------|------------|-----|
| | State | HH | Total | State | HH |
| Water Supply | 7,469,630 | 16,117,040 | 23,586,670 | 32% | 68% |
| Sewerage | 174,802 | n/a | | | |
| Irrigation | 9,529,957 | 8,235,055 | 17,765,011 | 54% | 46% |
| Policy Formulation and Administration | 1,901,669 | - | 1,901,669 | 100% | 0% |
| TOTAL | 19,076,058 | 24,352,094 | 43,428,152 | 44% | 56% |

CHALLENGES TO CONDUCTING THIS WORK

Education

During the implementation of Program Budgeting Analysis the following challenges were faced:

1. **Regrouping of programs:** The grouping level of programs provided in PBA requirements document was too general and very difficult to apply to Armenian Education system. The Programs structure selected is more flexible in reflecting the current functional structure used for Education in the state budgeting process. Also it includes all data for aggregation level used in PBA requirements document.
2. **Cost allocation:** There was a change in 2008 in state budget classification of education programs as a result of shift to GFS 2001. Before 2008 General Education programs did not have separation of costs for primary, middle and high schools. The costs of those programs for 2006 and 2007 were allocated to primary, middle and high schools based on the number of students in each school. After the shift to GFS 2001 the new classification differentiated costs for General Education schools financing programs into primary, middle and high schools. However, all support programs for General Education and other education levels were moved to a separate “Education support services” category. For the purpose of Program Budgeting Analysis these programs were brought back to their respective parts. Only those programs, that could not be directly attributed to any of education levels, were left in that category.

Health

Gathering information on households consumption/expenditures in the health sector for all years was not possible to conduct. In order to fill the required PBA table for 2008, we incorporated specific requirements in the questionnaire for the BIA for 2008 (and some indication on 2009 expectations). Thus, we obtained primary data on this and incorporated in the results of the analysis.

Information from donors on expenditure breakdown was not possible to obtain.

Water

The major challenge here was the data and estimate of wage component in expenditures. As a rule, this information is absent from published statistics. However, some estimate was made based on cross-checks and assumptions made.

Similar to the health sector, information on households consumption/expenditures for all years was not possible to obtain. In order to fill the required PBA table for 2008, we incorporated specific requirements in the questionnaire for the BIA for 2008 (and some indication on 2009 expectations).

POSSIBLE EXTENSIONS

The aggregation and cost allocation of budget expenditures to programs according to the program budgeting principles is a required but not sufficient process for enhancing budget discussions and assisting for better policy and budget decision making.

The possible extensions for this process include:

1. Incorporation of the output information in the programs and use of those as planning and then monitoring tools.

However, in order to achieve such enhancement of the PBA it is required that the most appropriate output and outcome indicators are selected. To have the most use of such indicators, the ministries must outline their final and intermediate goals, quantify those, breakdown by quantity and quality dimensions of assessment of results (quantity and quality/timeliness indicators). As the next stage, the process requires filtration of such indicators by such factors as capacity of ministries to monitor such indicators.

2. The next possible extension to PBA is incorporation of the results of PBA with Benefit Incidence Analysis results. Government quite often launch and then continue heavy programs with their budgets. Due to social and political pressure they fund such programs, perform monitoring processes to track the performance. However, in many occasions they lack assessment of effectiveness of such programs from the perspective of the final user. BIA allows to link the policy-budget decision (of the program budgeting process) with the real effects of those on population.

PLANS FOR DISSEMINATION/COMMUNICATIONS

This report is aimed at distribution to relevant beneficiaries, i.e. Ministry of Education, Ministry of Health and State Water Management Committee. However, in doing so, we envisage a preparation of a joint paper with the results of the Benefit Incidence Analysis as some key aspects of the current policies may be impacted when both analyses are integrated.

It is also envisaged that additional counterpart in discussing the results of the joint analysis will also be the Ministry of Labor and Social Issues that coordinates the social protection area in the country. The reason for such intention is that some aspects of the current policies (e.g. in high schools and in water subsidies) may require a special attention of the Ministry of Labor and Social Issues. In addition, we also plan to communicate the report to the Ministry of Finance.

The dissemination strategy is for AST to firstly present the results in a form of a policy brief and then offer to organize a round table discussion with relevant stakeholders for each of the sectors.

The best suitable timeframe for such intervention is the beginning of the year, when Medium-Term Expenditure Framework papers are being prepared by all ministries. Thus, the January-February period is the ideal period for organizing such events for all three sectors. Ministries then will have the ability to adjust their mid-term plans (if required) in accordance with the results of the PBA and BIA.

ANNEXES

Annex A-1

Mapping table for Education programs (example for 2006: similar exercise was done for all other years – 2006-2010)

| Program/Activity Name | Primary school | Middle school | High school | Initial vocational education | Middle vocational education | Higher professional education | Post-graduate professional education | Out-of school education | Additional education | Education Administration and Support Services |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|--------------------|-------------------------------------|------------------------------------|--------------------------------------|---------------------------------------------|--------------------------------|-----------------------------|------------------------------------------------------|
| Education state administration | | | | | | | | | | |
| Maintenance of the Ministry of Education and Science | | | | | | | | | | 396,218 |
| General Education | | | | | | | | | | |
| Renovation of schools | 1,820,769 | 3,439,231 | 1,483,590 | | | | | | | |
| Construction of schools | 249,931 | 472,092 | 203,647 | | | | | | | |
| Evening education | 6,614 | 12,493 | 5,389 | | | | | | | |
| State assistance to the Center for Educational Technologies for implementation of the project "Provision of Internet access and maintenance of computer equipment for schools" in the framework of support to General Education | 43,376 | 81,932 | 35,343 | | | | | | | |
| Organization of pupils summer vacations in the framework of support to General Education | 28,642 | 54,101 | 23,338 | | | | | | | |

| | | | | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|-----------|--|--|--|--|--|--|--|
| Centralized procurement of graduation and honor certificates, class registries and other stationer for schools in the framework of support to General Education | 110,576 | 208,866 | 90,099 | | | | | | | |
| Provision of free textbooks and other educational literature to primary school pupils in the framework of support to General Education | 469,384 | | | | | | | | | |
| State assistance to the National Institute of Education for training of school teachers in the framework of support to General Education | 64,445 | 121,730 | 52,511 | | | | | | | |
| General Education: Ministry of Education and Science | 169,422 | 320,019 | 138,047 | | | | | | | |
| General Education: Other state bodies | 10,842,191 | 20,479,694 | 8,834,378 | | | | | | | |
| Education in musical schools | 41,076 | 77,589 | 33,470 | | | | | | | |
| Provision of teacher cadres to Armenian remote, bordering, mountainous settlements' state general schools in the framework of support to General Education | 11,007 | 20,792 | 8,969 | | | | | | | |
| Provision of transporting services to teachers and pupils of general schools in the framework of support to General Education | 8,441 | 15,945 | 6,878 | | | | | | | |
| Renovation of initial military preparation cabinets in the framework of support to General Education | | | 5,305 | | | | | | | |

| | | | | | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--|--|--|--|--|--|--|
| Assistance to "Labor Reserves" NGO for implementation of school students' spartakiad in the framework of support to General Education | 9,450 | 17,850 | 7,700 | | | | | | | |
| State assistance to Yerevan Physico-mathematical school for implementation of school students' Olympiad in the framework of support to General Education | 14,733 | 27,829 | 12,005 | | | | | | | |
| State assistance to Mkhitar Sebastatsy educational complex of Yerevan for implementation of "Young researcher's and artist's school" program in the framework of support to General Education | 3,182 | 6,011 | 2,593 | | | | | | | |
| State assistance to National Center for Educational Technologies in the framework of support to General Education | 10,078 | 19,036 | 8,212 | | | | | | | |
| State assistance to Assessment and Testing Center in the framework of support to General Education | 35,456 | 66,973 | 28,890 | | | | | | | |
| State assistance to Mkhitar Sebastatsy educational complex of Yerevan for implementation of "Preparatory Education in general schools" program in the framework of support to General Education | 6,880 | 12,996 | 5,606 | | | | | | | |

| | | | | | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|--|--|--|--|--|--|---------|
| State assistance to Mkhitar Sebastatsy educational complex of Yerevan for implementation of alternative pedagogical programs in the framework of support to General Education | 4,427 | 8,362 | 3,607 | | | | | | | |
| Provision of textbooks to internal Diaspora schools students in the framework of support to General Education | | | | | | | | | | 70,000 |
| Provision of school inventory to internal Diaspora schools students in the framework of support to General Education | | | | | | | | | | 180,000 |
| State order for training of Diaspora school teachers in the framework of support to General Education | | | | | | | | | | 651 |
| Implementation of Education Quality and relevance Project with the World Bank assistance | | | | | | | | | | |
| Recurrent Expenditures | 377,397 | 712,862 | 307,509 | | | | | | | |
| Capital Expenditures | 251,598 | 475,241 | 205,006 | | | | | | | |
| Regional development program in Gegharkunik and Tavush marzes through grant funds received from the United Kingdom of Great Britain and Northern Ireland | 13,959 | 26,367 | 11,374 | | | | | | | |
| Third project of Armenian Social Investments Fund with the World Bank assistance | 31,761 | 59,993 | 25,879 | | | | | | | |
| "Renovation of educational institutions" project implemented with Lincy | 2,256,660 | 4,262,580 | 1,838,760 | | | | | | | |

| | | | | | | | | | | |
|-------------------------------------------------------------------------------------------------------|---------|-----------|---------|--|---------|--|--|-----------|--|--|
| Foundation resources | | | | | | | | | | |
| Special Education | | | | | | | | | | |
| Construction of special schools | 13,500 | 25,500 | 11,000 | | | | | | | |
| Special Education: Ministry of Education and Science | 288,272 | 544,514 | 234,889 | | | | | | | |
| Special Education: Other state bodies | 627,527 | 1,185,328 | 511,318 | | | | | | | |
| Organization of education of children with extraordinary abilities | | | | | | | | | | |
| Recurrent Expenditures | 213,210 | 402,730 | 173,727 | | | | | | | |
| Capital Expenditures | 3,654 | 6,903 | 2,978 | | | | | | | |
| Development and publishing of programs, textbooks and other educational materials for special schools | 24,300 | 45,900 | 19,800 | | | | | | | |
| Out-of-school Education | | | | | | | | | | |
| Construction of sports facilities | | | | | | | | 1,477,750 | | |
| Out-of-school Education: Ministry of Education and Science | | | | | | | | 270,513 | | |
| Out-of-school Education: Other state bodies | | | | | | | | 722,545 | | |
| State support to Chess school after T. Petrosyan | | | | | | | | 6,310 | | |
| Initial professional (vocational) education | | | | | | | | | | |
| Initial professional (vocational) education: Ministry of Education and Science | | | | | 672,745 | | | | | |
| Initial professional (vocational) education: Other state bodies | | | | | 341,741 | | | | | |

| | | | | | | | | | | |
|----------------------------------------------------------------------------------------|--|--|--|--|---------|-----------|---------|--|--|--|
| Middle professional (vocational) education | | | | | | | | | | |
| Renovation of educational institutions | | | | | 71,000 | | | | | |
| Middle professional (vocational) education: Ministry of Education and Science | | | | | 786,824 | | | | | |
| Middle professional (vocational) education: Other state bodies | | | | | 969,732 | | | | | |
| Higher and post-graduate professional education | | | | | | | | | | |
| Organization of higher educational institutions' entrance exams | | | | | | 10,000 | | | | |
| Renovation of educational institutions | | | | | | 297,000 | | | | |
| Subsidizing of "Zeitun" student camp | | | | | | 16,281 | | | | |
| Higher and post-graduate professional education: Ministry of Education and Science | | | | | | 3,062,215 | 266,280 | | | |
| Higher and post-graduate professional education: Other state bodies | | | | | | 1,295,953 | 112,692 | | | |
| Higher and post-graduate professional education: For new entrance starting with 2006 | | | | | | 216,990 | | | | |
| State support to the National Information Center for Academic Recognition and Mobility | | | | | | 25,000 | | | | |

Mapping table for Health programs

| <i>Group of programs</i> | | <i>Included Services</i> | <i>Changes</i> |
|----------------------------------------------------------------|----|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| I - Public health primary (ambulatory-polyclinic)care services | 1 | Primary health care services | |
| | 2 | Early diagnosis, health evaluation and treatment services among the population involved in high risk groups | |
| | 3 | Hemodialysis services | |
| | 4 | Services of medical assistance of narrow specialization | |
| | 5 | Medical services for the treatment of separate diseases and diseases requiring continuous medical supervision | |
| | 6 | Services for orthodontological medical assistance | |
| | 7 | Services for dental medical assistance | |
| | 8 | Dental and primary prevention services for children | |
| | 9 | Services of urgent medical assistance | |
| | 10 | Services of laboratory diagnostic examinations | |
| | 11 | Services of medical assistance and examination of men of military and pre-military age | |
| II - Services of obstetrical-gynecological medical assistance | 1 | Services of obstetrical-gynecological medical assistance/PHC | Included from Public health primary (ambulatory-polyclinic)care services |
| | 2 | Services of obstetric medical assistance/HC | Included from Hospital medical aid services |
| | 3 | Services of medical assistance for gynecological diseases/HC | Included from Hospital medical aid services |
| III - Hospital medical aid services | 1 | Services of urgent medical assistance | |
| | 2 | Implementation of medical assistance for people included in socially vulnerable and special groups | |
| | 3 | TB medical assistance services | |
| | 4 | Services of medical assistance for intestinal and other infectious diseases | |
| | 5 | Services of medical treatment of sexually transmitted diseases | |
| | 6 | Services for treatment and care of mentally ill and drug-addicted patients | |
| | 7 | Services of medical assistance for | |

| | | | |
|--------------------------------------------------------|----|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | oncological and blood diseases | |
| | 8 | Rehabilitation medical services | |
| | 9 | Services of medical assistance and examination for people of pre-military and military ages | |
| | 10 | Services of medical assistance to the victims of trafficking | |
| | 11 | Services of medical assistance for children | |
| | 12 | Fundamental renovation of health institutions (MoH, MUD) | This program service was included into this program for years 2006, 2007. In the rest of yeas it was included in Paramedical services and other supportive services |
| IV - Public health services | 1 | Hygiene and anti-epidemic expertise services | |
| | 2 | Hygiene and anti-epidemic services | |
| | 3 | Prevention of specially dangerous infections | |
| | 4 | HIV / AIDS prevention and treatment | |
| | 5 | Services of disinfection of breeding grounds of infectious | |
| | 6 | Blood storing services | |
| | 7 | Services for the implementation of the National Immunity program | |
| | 8 | Fundamental renovation of health institutions (Vayots Dzor Marzpetaran) | Only for 2006 |
| | 9 | 9- WB Bird Flu prevention program | Only for 2006, 2007 |
| V – Paramedical services and other supportive services | 1 | Reimbursement of traveling expenses of the patients assigned for medical treatment abroad | |
| | 2 | Complex diagnostic services | |
| | 3 | Implementation of expertise and methodological services of the drug policy | |
| | 4 | WB Program for the health sector modernization | |
| | 5 | Japanese Government Grant WB program for the health sector modernization | |
| | 6 | WB Bird Flu prevention program | |
| | 7 | Japanese Government Grant WB program of Bird Flu control | |
| | 8 | WB Second loan program of health system modernization | |

| | | | |
|-------------------------------------------|----|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| | 9 | Forensic medical and genetic services | |
| | 10 | Path anatomic services | |
| | 11 | Medical assistance services to disabled children | |
| | 12 | Public awareness services | |
| | 13 | Professional, consultation and organizational-methodical support services | |
| | 14 | Other medical care and services | |
| | 15 | Services of receiving, customs clearance and distribution of drugs and pharmaceutical products as humanitarian aid | |
| | 16 | Services supporting the national program of combating tuberculosis | |
| | 17 | UK financial aid for development program Gegharqunik and Tavush Marzes | The program was functioned for years 2007, 2008 |
| | 18 | Procurement of medical equipment | Was absent in 2010 |
| | 19 | Procurement of medicine | |
| VI – Healthcare sector policy formulation | 1 | Policy development and provision of services in the Health sector | |

Mapping table for Water programs

| Drinking water supply | Sewerage | Irrigation | Policy formulation and Administration |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------|
| Japanese grant for water supply system for condominiums in cities | Reserve system construction in Metsamor | Vorotan-Arpa-Sevan tunnel reconstruction program | Foreign business trips |
| WB community development project | EBRD supported Sevan lake ecology project | Ground waters cleaning and quality assessment | Central apparatus costs of the State Water Management Committee |
| WB “Yerevan water supply and Sewerage System” Credit | EBRD grant on “Engineering, planning and contract management” | Water collection network cleaning and renovation | Technical committee on water systems use and maintenance |
| WB “Yerevan water supply and Sewerage System” project preparation | German Development Credit Bank loan on Armavir Marz Sewerage System Development | Irrigation system capital renovation | Reserve fund |
| Water supply system construction for Nor Harberd | EBRD supported Sevan lake ecology grant | Subsidies to the irrigation system | Financing for government authorities on proposals development |
| Subsidies for “Yerevan Water” company | EBRD “Public-Private Partnership” grant | WB Dam Safety project | German grant on capacity building for “Lori Water” staff |
| Subsidies for “Armenian Water” company | | WB Dam Safety Second project | German grant on capacity building for “Shirak Water” staff |
| Subsidies for “Nor Akunk” company | | WB Irrigation Development project | |
| German Development Credit Bank grant for implementation of the Concept Papers for Shirak, Lori and Armavir marzes’ water supply and sewerage systems development | | WB Irrigation Development Second project | |
| Technical assistance project from French Government Reserve Fund | | Initial financing for Irrigation Development project | |

| Drinking water supply | Sewerage | Irrigation | Policy formulation and Administration |
|---------------------------------------------------------------------------------|-----------------|--------------------------------------------------------------------|----------------------------------------------|
| | | preparation | |
| WB Community Water Supply and Sewerage project | | WB Irrigation System Urgent Renovation project | |
| Supplementing financing for WB Community Water Supply and Sewerage project | | Abu-Dhabi Development Fund project on Arpa-Sevan tunnel renovation | |
| ADB Water Supply and Sewerage project | | Works for Vaghashen community irrigation network improvement | |
| German Development Credit Bank loan on Armavir Marz Sewerage System Development | | Works for Vardenis community irrigation network improvement | |
| German Development Credit Bank loan on Lori Marz Sewerage System Development | | | |
| German Development Credit Bank loan on Shirak Marz Sewerage System Development | | | |
| German Development Credit Bank grant on Shirak Marz Sewerage System Development | | | |
| Drinking water supply system renovation for Koghb village | | | |
| Renovation of Lichk community's water network | | | |
| Renovation projects for water supply and sewerage systems | | | |

Annex B-1

De-aggregated table of education sector programs for cross-country comparisons

| Education | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|-----------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Education, including | 65,595,196.4 | 77,511,613.2 | 86,317,601.1 | 107,425,519.1 | 76,801,075.3 |
| Primary school | 18,051,920.8 | 22,382,146.8 | 23,989,314.8 | 29,139,323.8 | 22,708,287.3 |
| Middle school | 33,211,459.2 | 39,046,286.5 | 41,747,362.6 | 53,838,104.9 | 37,704,566.8 |
| High school | 14,331,816.3 | 16,083,180.0 | 20,580,923.7 | 24,448,090.5 | 16,388,221.1 |
| Initial and Middle Vocational Education, including | 2,842,041.5 | 3,508,840.4 | 6,751,168.0 | 5,636,618.7 | 6,679,819.0 |
| Initial vocational | 1,014,485.6 | 1,292,177.1 | 2,874,658.6 | 2,096,833.0 | 2,810,037.6 |
| Middle vocational | 1,827,555.9 | 2,216,663.3 | 3,876,509.4 | 3,539,785.8 | 3,869,781.4 |
| Higher and Post-graduate | 5,302,409.3 | 5,498,406.1 | 6,838,492.3 | 8,018,808.6 | 7,878,413.2 |
| Higher professional | 4,923,438.2 | 5,175,607.2 | 6,277,105.4 | 7,418,550.8 | 7,226,695.8 |
| Post-graduate professional | 378,971.1 | 322,798.9 | 561,386.9 | 600,257.8 | 651,717.4 |
| Out-of school and Additional Education, including | 2,477,118.5 | 2,037,266.5 | 2,918,144.6 | 4,766,528.1 | 3,265,670.6 |
| Out-of school education | 2,477,118.5 | 2,037,266.5 | 2,146,181.3 | 3,491,592.4 | 2,313,310.6 |
| Additional education | 0.0 | 0.0 | 771,963.3 | 1,274,935.7 | 952,360.0 |
| Education Administration and Support Services | 646,869.3 | 662,253.0 | 759,140.0 | 1,102,348.5 | 1,045,473.7 |
| Total Education Costs | 76,863,635.0 | 89,218,379.2 | 103,584,546.0 | 126,949,823.0 | 95,670,451.8 |
| <i>Total Costs Growth Rate</i> | <i>24.7%</i> | <i>16.1%</i> | <i>16.1%</i> | <i>22.6%</i> | <i>-24.6%</i> |
| Total Public Expenditures | 482,193,912.5 | 634,734,637.8 | 810,574,523.8 | 945,449,770.0 | 859,666,208.3 |

| Education | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) | Annual average |
|-----------|------|------|------|-----------------|------------------|----------------|
| | | | | | | |

| | | | | | | |
|-----------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Education | 85% | 87% | 83% | 85% | 80% | 84% |
| Initial and Middle Vocational Education | 4% | 4% | 7% | 4% | 7% | 5% |
| Higher and Post-graduate Education | 7% | 6% | 7% | 6% | 8% | 7% |
| Out-of school and Additional Education | 3% | 2% | 3% | 4% | 3% | 3% |
| Education Administration and Support Services | 1% | 1% | 1% | 1% | 1% | 1% |
| Total Costs | 100% | 100% | 100% | 100% | 100% | 100% |
| In Total Public Expenditures | 15.94% | 14.06% | 12.78% | 13.43% | 11.13% | 13.47% |

| Education | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|-------------------------------------------|------------|------------|------------|--------------------|---------------------|
| Capital Expenditures in General Education | 17,191,974 | 21,944,628 | 25,185,091 | 26,938,174 | 2,234,939 |

Revised Recurrent and Development Spending by Sector, Amount – Education (3E)

| | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|-------------------------------------|---------------------|---------------------|----------------------|----------------------------|-----------------------------|
| Total Education Expenditures | 76,863,635.0 | 89,218,379.2 | 103,584,546.0 | 126,949,823.0 | 95,670,451.8 |
| Recurrent | 57,784,457.6 | 66,148,703.6 | 75,113,876.6 | 98,308,693.9 | 91,803,512.6 |
| Wages | 47,995,961.6 | 55,361,674.7 | 63,008,426.9 | 80,100,140.9 | 74,934,324.3 |
| Non-Wages | 9,788,496.0 | 10,787,028.9 | 12,105,449.7 | 18,208,553.0 | 16,869,188.3 |
| Capital | 19,079,177.4 | 23,069,675.6 | 28,470,669.4 | 28,641,129.1 | 3,866,939.2 |
| Domestic | 9,606,463.0 | 15,893,797.8 | 22,673,963.1 | 27,852,469.7 | 599,065.8 |
| Donor | 9,472,714.4 | 7,175,877.8 | 5,796,706.3 | 788,659.4 | 3,267,873.4 |

Revised Recurrent & Development Spending by Sector, Percent (%) – Education (4E)

| | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|-------------------------------------|---------------------|---------------------|----------------------|----------------------------|-----------------------------|
| Total Education Expenditures | 76,863,635.0 | 89,218,379.2 | 103,584,546.0 | 126,949,823.0 | 95,670,451.8 |
| % of Total | | | | | |
| Recurrent | 75.2% | 74.1% | 72.5% | 77.4% | 96.0% |
| Capital | 24.8% | 25.9% | 27.5% | 22.6% | 4.0% |
| % of Recurrent | | | | | |
| Wages | 83.1% | 83.7% | 83.9% | 81.5% | 81.6% |
| Non-wages | 16.9% | 16.3% | 16.1% | 18.5% | 18.4% |

Recurrent and Development Spending by Facility Level, Health (1H) - GDN Strengthening Institutions program classification

| Health, AMD ,000 | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Hospital | 14,611,093 | 16,087,668 | 19,111,165 | 23,300,013 | 21,198,583 |
| Recurrent | 14,116,093 | 15,297,668 | 19,111,165 | 23,300,013 | 21,198,583 |
| Wages | 5,646,437 | 6,119,067 | 7,644,466 | 9,320,005 | 8,479,433 |
| Non-Wages | 8,469,656 | 9,178,601 | 11,466,699 | 13,980,008 | 12,719,150 |
| Capital | 495,000 | 790 000 | - | - | - |
| Domestic | 495,000 | 790 000 | - | - | - |
| Donor | - | - | - | - | - |
| Health Center/Dispensary | N/A | N/A | N/A | N/A | N/A |
| Preventive | 14,344,646 | 16,726,319 | 19,168,014 | 25,770,448 | 21,033,326 |
| Recurrent | 14,344,646 | 16,726,319 | 19,168,014 | 25,770,448 | 21,033,326 |
| Wages | 10,041,252 | 11,708,423 | 13,417,609 | 18,039,313 | 14,723,328 |
| Non-Wages | 4,303,394 | 5,017,896 | 5,750,404 | 7,731,134 | 6,309,998 |
| Capital | - | - | - | - | - |
| Domestic | - | - | - | - | - |
| Donor | - | - | - | - | - |
| Other Health | 9,723,907 | 12,995,640 | 15,283,743 | 15,873,863 | 11,862,062 |
| Recurrent | 4,728,868 | 6,612,952 | 7,836,487 | 9,911,645 | 8,296,471 |
| Wages | - | - | - | - | - |
| Non-Wages | 4,728,868 | 6,612,952 | 7,836,487 | 9,911,645 | 8,296,471 |
| Capital | 4,995,040 | 6,382,687 | 7,447,256 | 5,962,218 | 3,565,592 |
| Domestic | 4,995,040 | 6,382,687 | 7,447,256 | 5,962,218 | 3,565,592 |
| Donor | - | - | - | - | - |
| Ministerial and Regional Administration | 730,537 | 844,105 | 910,534 | 1,143,287 | 1,080,977 |
| Recurrent | 730,537 | 838,746 | 910,534 | 1,143,287 | 1,080,977 |
| Wages | 466,623 | 624,510 | 817,801 | 1,039,745 | 996,236 |
| Non-Wages | 263,914 | 214,237 | 92,734 | 103,542 | 84,742 |
| Capital | - | 5,359 | - | - | - |
| Domestic | - | 5,359 | - | - | - |
| Donor | - | - | - | - | - |

Recurrent and Development Spending by Facility Level, (%) – Health (2H) based on GDN program classification

| Health | 2006 | 2007 | 2008 | 2009 (budgeted) | 2010 (estimated) |
|------------------------------------------------|------|------|------|-----------------|------------------|
| Hospital | | | | | |
| % of Total | | | | | |
| Recurrent | 96,6 | 95,1 | 100 | 100 | 100 |
| Capital | 3,4 | 4,9 | 0 | 0 | 0 |
| % of Recurrent | | | | | |
| Wages | 40 | 40 | 40 | 40 | 40 |
| Non-Wages | 60 | 60 | 60 | 60 | 60 |
| Health Center/Dispensary | N/A | N/A | N/A | N/A | N/A |
| Preventive | | | | | |
| % of Total | | | | | |
| Recurrent | 100 | 100 | 100 | 100 | 100 |
| Capital | 0 | 0 | 0 | 0 | 0 |
| % of Recurrent | | | | | |
| Wages | 70 | 70 | 70 | 70 | 70 |
| Non-Wages | 30 | 30 | 30 | 30 | 30 |
| Other health | | | | | |
| % of Total | | | | | |
| Recurrent | 48,6 | 50,9 | 51,3 | 62,4 | 69,9 |
| Capital | 51,4 | 49,1 | 48,7 | 37,6 | 30,1 |
| % of Recurrent | | | | | |
| Wages | 0 | 0 | 0 | 0 | 0 |
| Non-Wages | 100 | 100 | 100 | 100 | 100 |
| Ministerial and Regional Administration | | | | | |
| % of Total | | | | | |
| Recurrent | 100 | 99,4 | 100 | 100 | 100 |
| Capital | 0 | 0,6 | 0 | 0 | 0 |
| % of Recurrent | | | | | |
| Wages | 63,9 | 74,5 | 89,8 | 90,9 | 92,2 |
| Non-Wages | 36,1 | 25,5 | 10,2 | 9,1 | 7,8 |

STATE BUDGET HEALTHCARE PROGRAMS/SERVICES

I. Public health primary (ambulatory-polyclinic) care services

1. Primary health care services
2. Early diagnosis, health evaluation and treatment services among the population involved in high risk groups
3. Hemodialysis services
4. Services of medical assistance of narrow specialization
5. Medical services for the treatment of separate diseases and diseases requiring continuous medical supervision
6. Services for orthodontological medical assistance
7. Services for dental medical assistance
8. Dental and primary prevention services for children
9. Services of urgent medical assistance
10. Services of laboratory diagnostic examinations
11. Services of medical assistance and examination of men of military and pre-military age

II. Services of obstetrical-gynecological medical assistance

1. Services of obstetrical-gynecological medical assistance/PHC
2. Services of obstetric medical assistance/HC
3. Services of medical assistance for gynecological diseases/HC

III. Hospital medical aid services

1. Services of urgent medical assistance
2. Implementation of medical assistance for people included in socially vulnerable and special groups
3. TB medical assistance services
4. Services of medical assistance for intestinal and other infectious diseases
5. Services of medical treatment of sexually transmitted diseases
6. Services for treatment and care of mentally ill and drug-addicted patients
7. Services of medical assistance for oncological and blood diseases
8. Rehabilitation medical services
9. Services of medical assistance and examination for people of pre-military and military ages
10. Services of medical assistance to the victims of trafficking
11. Services of medical assistance for children
12. Fundamental renovation of health institutions (MoH, MUD)

IV. Public health services

1. Hygiene and anti-epidemic expertise services
2. Hygiene and anti-epidemic services
3. Prevention of specially dangerous infections
4. HIV / AIDS prevention and treatment
5. Services of disinfection of breeding grounds of infectious
6. Blood storing services

7. Services for the implementation of the National Immunity programme
8. Fundamental renovation of health institutions (Vayots Dzor Marzpetaran)
9. WB Bird Flu prevention program

V. Paramedical services and other supportive services

1. Reimbursement of traveling expenses of the patients assigned for medical treatment abroad
2. Complex diagnostic services
3. Implementation of expertise and methodological services of the drug policy
4. WB Program for the health sector modernization
5. Japanese Government Grant WB program for the health sector modernization
6. WB Bird Flu prevention program
7. Japanese Government Grant WB program of Bird Flu control
8. WB Second loan program of health system modernization
9. Forensic medical and genetic services
10. Path anatomic services
11. Medical assistance services to disabled children
12. Public awareness services
13. Professional, consultation and organizational-methodical support services
14. Other medical care and services
15. Services of receiving, customs clearance and distribution of drugs and pharmaceutical products as humanitarian aid
16. Services supporting the national program of combating tuberculosis
17. Japanese Government Grant program for co-financing WB program of Bird Flu control
18. UK financial aid for development program Gegharqunik and Tavush Marzes
19. Procurement of medical equipment
20. Procurement of medicine

VI. Healthcare sector policy formulation

1. Policy development and provision of services in the Health sector