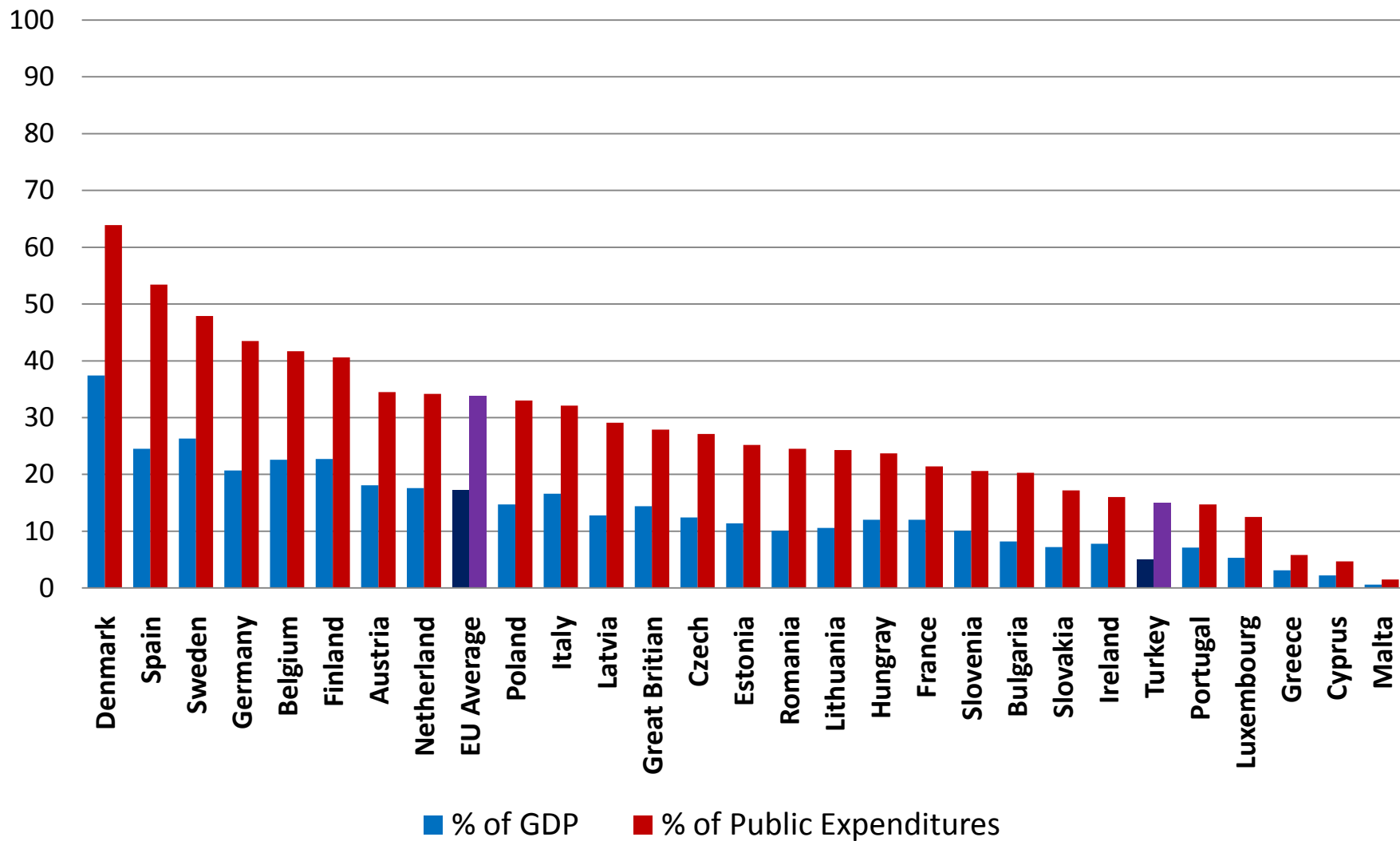


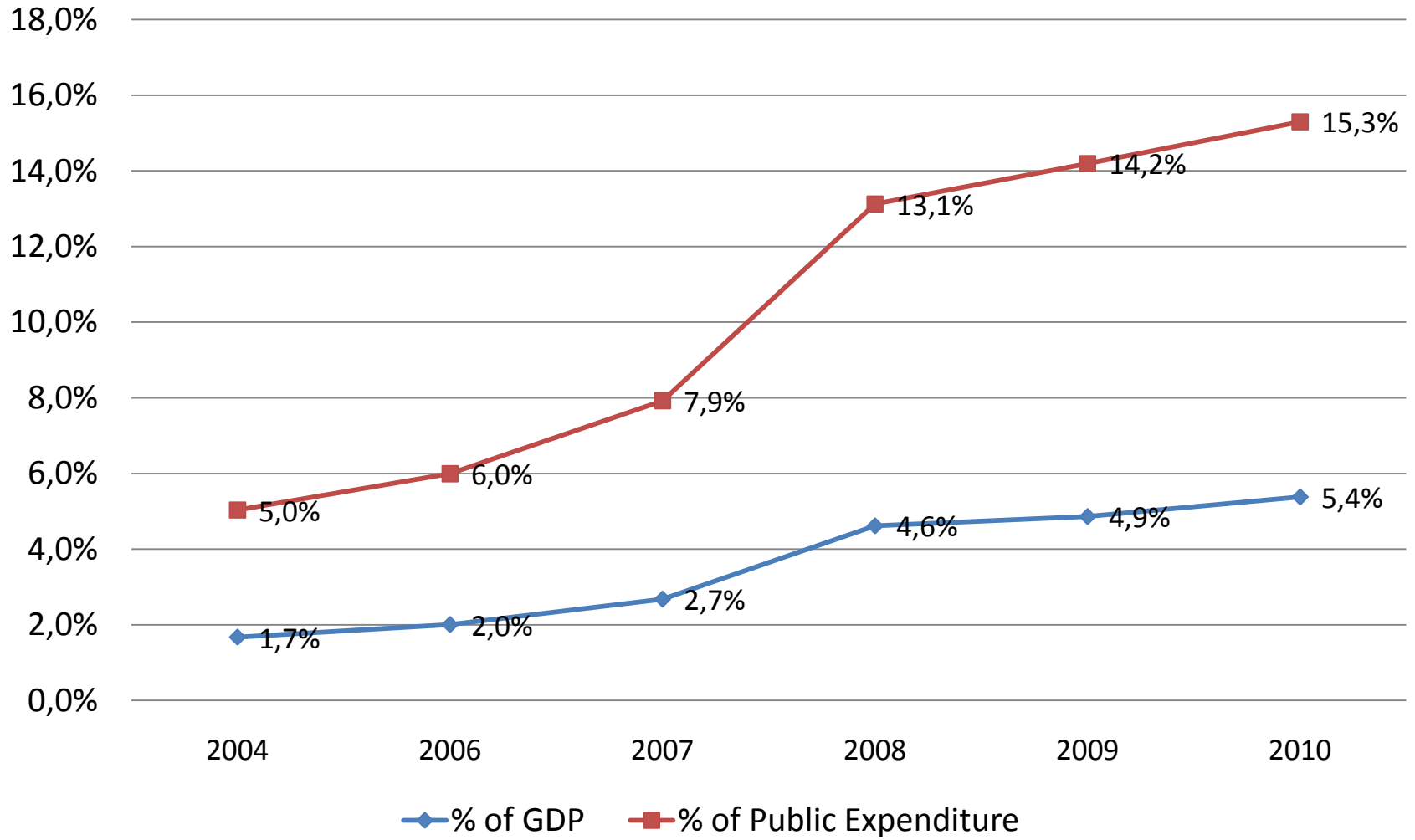
Sample Local Government Indicators

Tony Levitas
Nalas Fiscal Decentralization Task Force
July 12-13
Ljubljana

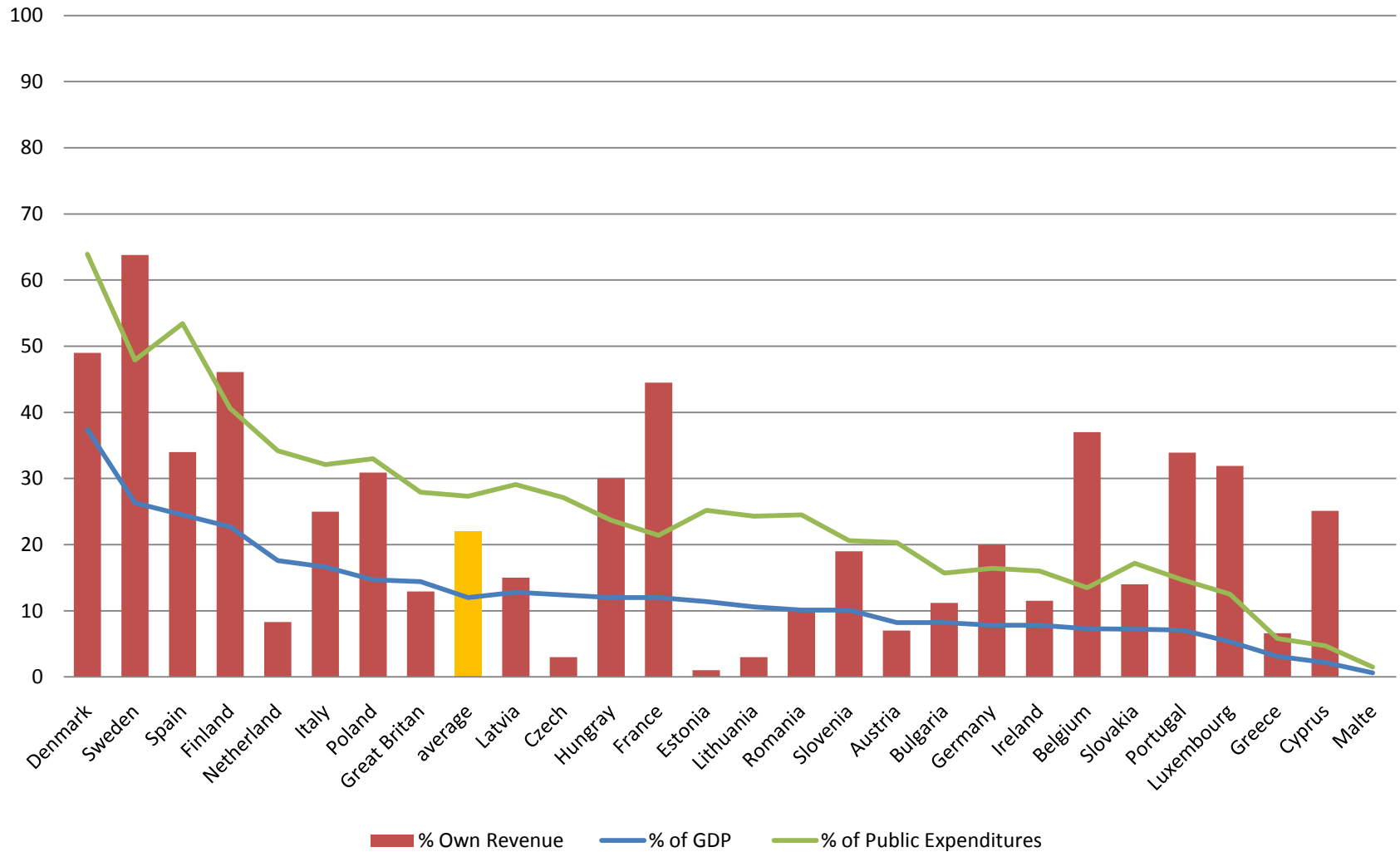
Subnational Expenditures as % of Total Public Expenditures and GDP - 2009



Local Government Revenues in Macedonia as share of GDP and total public revenues 2004-2010



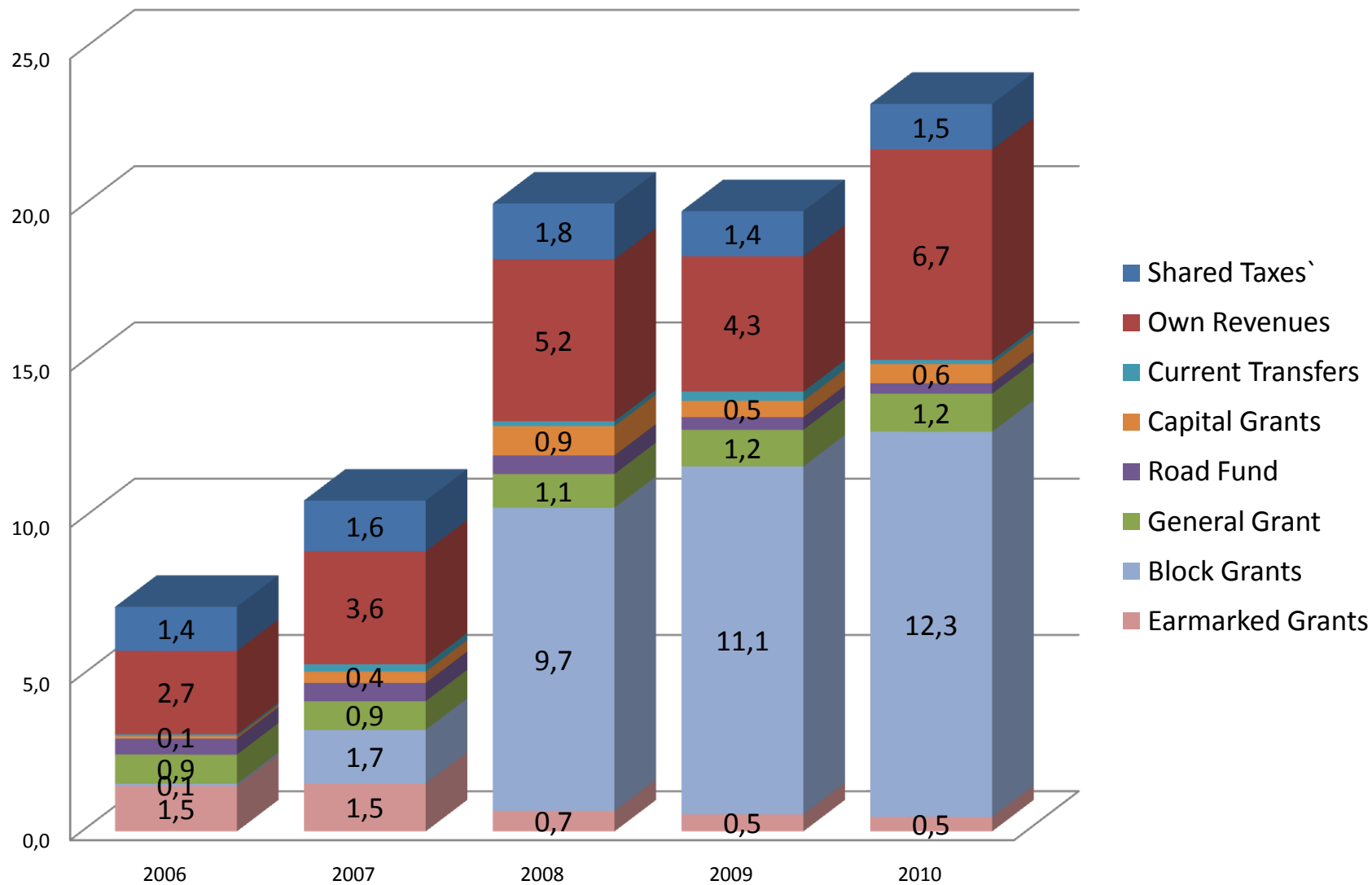
Municipal Own-Revenues vs. Municipal Expenditures as a % of Total Public Expenditures and % GDP in EU Countries in 2009



Local Government Revenues as a Share of GDP in Select European Countries

| Country | % of GDP | % of Public Expenditure | Year |
|--|----------|-------------------------|------|
| Countries in which Local Government DO pay teachers wages | | | |
| Macedonia | 5.4% | 15.3% | 2010 |
| Bulgaria | 8.2% | 20.3% | 2009 |
| Hungary | 12.3% | 23.7% | 2009 |
| Poland | 14.7% | 33.0% | 2006 |
| Countries in which Local Government do NOT pay teachers wages | | | |
| Albania | 2.9% | 10.9% | 2008 |
| Greece | 3.1% | 8.8% | 2009 |
| Serbia | 5.1% | 10.9% | 2009 |
| Turkey | 5.4% | 15.0% | 2009 |
| Croatia | 5.8% | 16.00% | 2006 |
| BiH - FBiH | 4.3% | | 2007 |
| BiH - RS | 7.0% | | 2007 |

Composition of Local Government Budgets in Macedonia (inflation adjusted, bln dnr)



Local Government Revenues Before and After the Suspension of the LGFL in Serbia (in 2009 RSD)

| | Before | | After | | |
|--|-----------------|------------|-----------------|------------|----------|
| | Revenue | Per Capita | Revenue | Per Capita | % Change |
| 1st Quartile | 12,233,153,176 | 10,894 | 8,908,073,566 | 10,410 | -4% |
| 2nd Quartile | 12,582,157,219 | 13,283 | 12,649,736,859 | 11,862 | -11% |
| 3rd Quartile | 25,691,667,987 | 16,505 | 24,863,502,611 | 14,054 | -15% |
| 4th Quartile | 47,081,008,310 | 23,591 | 38,376,545,706 | 19,871 | -16% |
| Bg, NS | 97,394,642,242 | 51,932 | 80,654,852,368 | 43,006 | -17% |
| Total Revenue | 194,982,628,935 | 26,005 | 165,452,711,110 | 22,066 | -15% |
| Revenue from the General Grant; and as % of Total Revenue | 41,622,462,259 | 21% | 28,157,725,905 | 17% | -20% |
| Ratio of 1st to 4th quartile | N.A | 2.4 | N.A | 1.9 | -20% |
| Ratio of 1st quartile to Belgrade, Novi Sad | N.A | 4.8 | N.A | 4.1 | -13% |

The Structure and Composition of Local Government Expenditures in 2007 and 2009 in Serbia (in 2009 RSD)

| | 2007 | % of total | 2009 | % of total | % Change |
|-----------------------------------|-----------------|------------|-----------------|------------|----------|
| Other | 7,754,128,989 | 4% | 9,123,497,419 | 5% | 18% |
| Other Operating Subsidies | 8,424,912,307 | 4% | 9,606,107,158 | 5% | 14% |
| Operating Subsidies MZs | 14,676,436,958 | 7% | 13,228,167,834 | 8% | -10% |
| Operating Subsidies PUCs | 17,876,503,664 | 9% | 9,809,497,565 | 6% | -45% |
| Capital Subsidies MZs | 8,193,354,106 | 4% | 3,202,126,771 | 2% | -61% |
| Capital Subsidies PUCs | 10,126,635,461 | 5% | 5,350,496,520 | 3% | -47% |
| Capital Investment | 50,259,506,644 | 25% | 42,407,721,143 | 24% | -16% |
| Wages | 37,079,531,560 | 18% | 40,543,037,895 | 23% | 9% |
| Goods and Services | 47,698,925,990 | 24% | 41,891,269,220 | 24% | -12% |
| Total Expenditures | 202,089,935,679 | 100% | 175,161,921,525 | 100% | -13% |
| Total Revenues | 194,981,191,727 | 96% | 165,452,711,110 | 94% | -15% |
| Expenditures Over Revenues | 4% | | 6% | | 61% |