

Finance Ministry Wants to Revoke Chechnya's Special Funding Status

By [The Moscow Times](#)

June 26, 2012



The direct financing of projects will come to an end in the republic of Chechnya if the Finance Ministry has its way.

The Finance Ministry wants to remove special budgetary privileges given to the republic of Chechnya, a move that would dramatically reduce the level of funds coming into the republic.

The Finance Ministry has proposed addressing the transition in a meeting of a commission for the social development of the region and hopes to make a final decision by the end of the year, Izvestia reported, citing a copy of the proposal.

Financing for the republic is currently allocated directly to specific projects, while other regions receive money calculated according to a general formula that takes into account their income and expenses, and they must balance their budget.

But the republic has asked for an expansion of the direct funding scheme, requesting that projects to boost the economic situation of the region be added to social projects already eligible for funding. They argue that in the course of five to eight years a tax base that could enable a normal financing scheme would develop.

Chechnya has had the special direct financing scheme since 2000, instituted to boost social infrastructure destroyed over two wars in the 1990s. The lack of statistical data for the region also prevented the use of normal calculations for financing.

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