Overview of PFM system in the Republic of Azerbaijan

November 2012
1. General overview

Population
9 200 000

Area
86 600 км²

GDP
64,25 bln. USD

GDP per capita
7060 USD

Public budget (2011)
Revenue  19.63 bln USD
Expenditure  19.25 bln USD

Republic of Azerbaijan
Under its Constitution, Azerbaijan is a Presidential Republic.

### CENTRAL GOVERNMENT

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2. Government, institutional coverage and the structure of public management system in Azerbaijan

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### EXTRA-BUDGETARY FUNDS

- Public Oil Fund of Azerbaijan
- Public Social Protection Fund of Azerbaijan

### AUTONOMOUS UNITS

- Nakhichevan Autonomous Republic

### LOCAL SELF-GOVERNANCE BODIES
Structure of the Ministry of Finance of Azerbaijan

Administration of the Ministry of Finance of Azerbaijan

Public Treasury Agency under the Ministry of Finance of Azerbaijan

Government debt management agency under the Ministry of Finance of Azerbaijan

Government service for control over precious metals and precious stones under the Ministry of Finance of Azerbaijan

Public insurance oversight service under the Ministry of Finance of Azerbaijan

Public finance control service under the Ministry of Finance of Azerbaijan

Local offices of the Ministry of Finance of Azerbaijan
Tasks of the Ministry of Finance of Azerbaijan

- involved in drafting government’s financial, budget and tax policy and ensures its implementation;
- prepares public budget and consolidated budget;
- ensures implementation of the public budget;
- ensures the implementation of government’s insurance policy in Azerbaijan;
- organizes government oversight and control over the production, procession and turnover of precious metals and precious stones;
- sets the ceilings for government’s foreign and domestic debts;
- participates in the drafting of government accounting and audit policies;
- participates in the design of the government’s investment programs;
- participates in the drafting of proposals on macroeconomic forecasts in Azerbaijan, government’s economic regulation and the directions of its development;
- coordinates the tasks of line agencies at the central and local levels in the areas under the Ministry’s purview;
- works in other areas as stipulated in legislation.
Executive agency, which is in charge of cash budget and accounting and makes budget expenditure commitments to budget agencies on behalf of the state, supervises the management of the single center for government’s financial resources, their intake and targeted use.

**Structure of the agency**

- **CT** – Central Treasury;
- **ROK** – Treasury’s Regional Office;
Tasks of the State Treasury Agency

- takes on government (budget) commitments for goods, works and services purchased by government agencies and pays accounts payable within these commitments;

- ensures the intake of budget revenue and targeted use of expenditure, in compliance with the single budget classification;

- manages the Single Treasury Account;

- works in other areas as stipulated in legislation.
1. Under the law of Azerbaijan «on the Budget system», Azerbaijan’s budget system consists of government budget, the budget of Nakhichevan Autonomous Republic and municipal budgets.

2. Income and expenditure of the government budget are broken down into those at the central level and local level. Income and expenditure at both levels are approved in the annual Law on Public Budget of Azerbaijan.

3. The government budget, the budget of Nakhichevan Autonomous Republic and municipal budgets can include targeted budget funds and reserve funds, which are reflected separately in the income and expenditure of the corresponding budget.

4. There are two public extra-budgetary funds which function as separate legal entities with separate budgets and are not part of government’s budget – the Public Oil Fund of Republic of Azerbaijan and the Public Social Protection Fund of the Republic of Azerbaijan.

5. The public sector of Azerbaijan includes government and municipal companies and organizations, in whose statutory funds 50% and more of the shares are owned by the government or the municipality.
6. Accounts through which cash flows at different levels of public management

1. Treasury operations are carried out through the Single Treasury Account (STA), which is opened with the Central Bank of the Republic of Azerbaijan.
2. Income and payments from the public budget, as well as extra-budgetary settlements, operations through government’s extra-budgetary funds, operations on loans which are received under government guarantee and other financial operations are carried out through Public Treasury agencies. Cash execution of the budget of the Nakhichevan Autonomous Republic is also run by the agencies of the Central Treasury.
3. Treasury agencies can carry out cash operations for the municipal budget at the request of the local authorities. In this instances treasury agencies provide technical support on accounting and reporting.
4. Organizations financed from the public budget and the budget of the Nakhichevan Autonomous Republic may not open bank accounts without a special written permission from a public treasury agency.
Questions and answers
Thank you for your attention!