



Overview of PFM system in the Republic of Azerbaijan



November 2012

Republic of Azerbaijan



1. General overview

Population

9 200 000

Area

86 600 KM2

GDP

64,25 bln. USD

GDP per capita

7060 USD

Public budget (2011)

Revenue 19.63 bln USD
Expenditure 19.25 bln USD

Capital

Baku



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



Under its Constitution, Azerbaijan is a Presidential Republic.

CENTRAL GOVERNMENT

President

Presidential Administration of Azerbaijan

Parliament

Milli Medjlis (National Assembly) of Azerbaijan

Cabinet

Cabinet Administration of Azerbaijan

Prosecutor's Office

Prosecutor's Office of Azerbaijan and its territorial offices

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



Courts

Audit Chamber

Ministries and their territorial offices

Government Committees

Government services

Government agencies

Other central level executive agencies

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



EXTRA-BUDGETARY FUNDS

Public Oil Fund of Azerbaijan

Public Social Protection Fund of Azerbaijan

AUTONOMOUS UNITS

Nakhichevan Autonomous Republic

LOCAL SELF-GOVERNANCE BODIES



3. Structure and tasks of the Ministry of Finance of Azerbaijan



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

3. Structure and tasks 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.

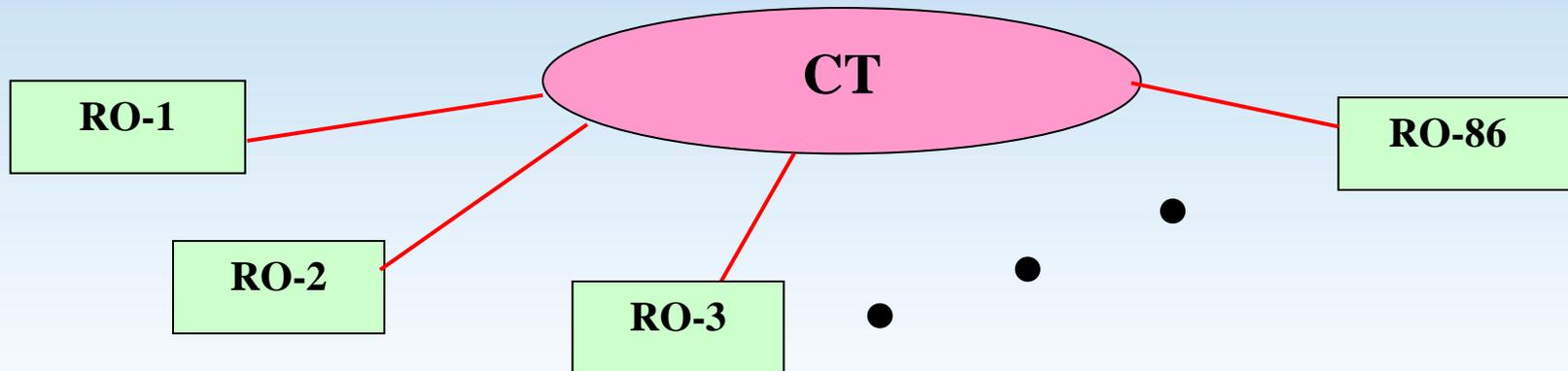


4. Structure and tasks of the State Treasury Agency under the Ministry of Finance



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;

POK – Treasury's Regional Office;

4. Structure and tasks of the State Treasury Agency under the Ministry of Finance



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.



5. Overview of the public management sector and the government sector



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 you attention!