

Azerbaijan economy

Fast economic growth and open economy

- GDP increased on average by 13.9% in 1995-2009
- Foreign trade increased on average by 14% in 1995-2009 & 4.7 times in 2008

Reliable financial regulations

Developing bank sector

Favourable investment climate

- The highest per-capita foreign direct investment in the region
- Improved legislation

Rich natural resources

- Oil and natural gas
- Fossils and useful fields
- Peculiar climate

Strategic location

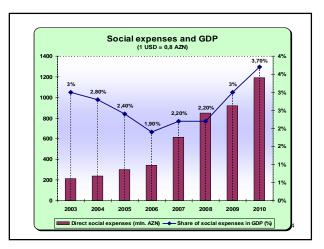
- Caspian Sea border
- Bridge between Europe and Central Asia
- Fast development towards Europe

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Competitive production costs

- Cheap and skilled work force
- Industrial traditions





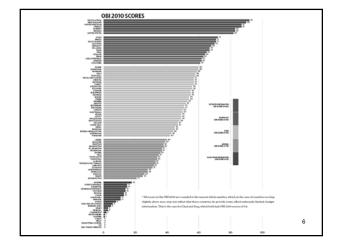
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Budget Issue in Azerbaijan

One of the main problems related to budget and generally economy in Azerbaijan is relatively tight access to budget information. This resulted in the that fact Azerbaijan held 52th place among 94 countries in IBP's Open Budget Index 2010. Many people think budget is a complicated table for academicians and officials only and ordinary people do not have anything to do with it. And forget that budget is public money. This leads to shortage of public control over budget expenses and transparency, as budget transparency is mostly related to those expenses.

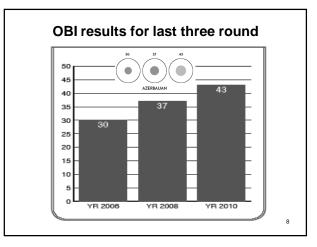


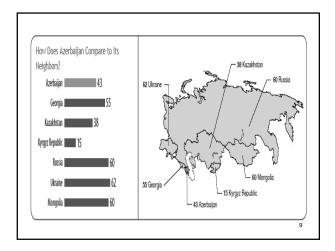




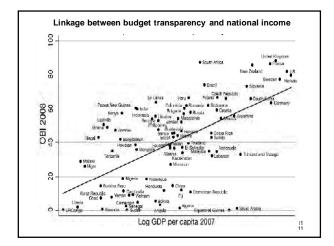
Adequacy & Availability of Eight Key Budget Documents

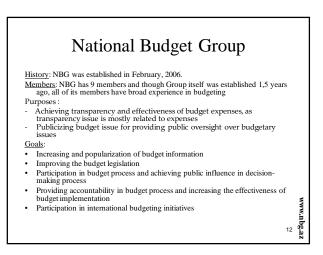
Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	E	Not Produced
Executive's Budget Proposal	C	Published
Enacted Budget	D	Published
Citizens Budget	E	Not Produced
In-Year Reports	С	Published
Mid-Year Review	D	Published
Year-End Report	E	Published
Audit Report	D	Published





	2006	2008		
			2010	
FGHANISTAN	NA	8	21	
NGOLA	5	4	26	
RGENTINA.	40	56	56	
ZERBALIAN	30	37	43	
RDATIA	42	59	57	
TRIC	19	43	49	
EORGIA	34	53	55	
HANA	42	50	54	
DIA	53	60	67	
BERIA	NA	3	40	
ALANI	NA	28	47	
ONGOLIA	18	36	60	
ORWAR	72	80	83	
JSSIA	47	58	60	
NANDA	NA	1	11	
e lanka	47	64	67	
JRKEY	42	43	57	
GANDA	32	51	55	
ETNAM	3	10	14	10
DIEN	NA	10	25	10
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NBG in 2006

- Budget analyses
- Trainings
- Publications
- Collaboration with local and international NGOs and IFI
- Collaboration with several governmental institutions
- Relations with Media

Activities' structure in 2007

In 2007 for deepening institutionalization of NBG, its activities were classified as;

<u>Core</u> – The main idea was joining together all NBG activities on investigation, expertise, analyses, reviews, publications

<u>Network</u> – With main aim of monitoring of priority budget expenses for 2007 and establishing groups under NBG umbrella for future involvement to monitoring projects

<u>Institutional</u> – This direction was designed to cover all institutional, PR, advocacy, data base and web-site, management issues

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Achievements by directions

Core

- It should be stated that forming of Core direction was very right step in 2007 activities. This assisted to join almost all NBG members around several issues;
- Reviews on 2006, 2007 and 2008 budgets were prepared and discussed with wide audience of MPs, officials, experts, NGOs, Media, IFI representatives in round tables, conferences, radio programs
- Public hearing First time NBG held public hearing on problem s and expectations of 2008 budget. This event was organized together with MP Nassib Nassibly in his roll. Later recommendations on discussed is sues were reported to MP and discussed at Parliament. Actually, discussing recommendations by NGOs is very rare case in Azerbaijan. The recommendations were basically on adding an article on public hearings of MPs. Another achievement of NBG-Parliament work was discussing collaboration with NBG at Economic policy committee of the Parliament.
- Publications in 2007 MBG had several publications aiming regular informing and enlightenment of population. This direction included monthly and quarterly newsletters and pocket guide covering 5 years' budget figures and macroeconomic indicators
- Analyses in 2007 NBG had structural, trend and gender analyses of the budget. The structural analyses of the budget opened "picture" of budget process of Azerbaijan. Gender analyses were made for the first time within support of Woman program of OSI-Azerbaijan.
- Indexes NBG conducted IBP index on OBI for 2006-07. Initial investigations showed improve on one document: Mid-year reports. This document was added to the list of available information. However, after IBP plans to work with governments before publicizing reports, MoF contacted NBG (PFMC) in order to understand principlest5 and this can be considered as an "improve step" towards collaboration

Achievements by directions

<u>Network</u>

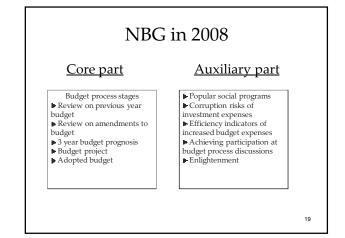
- As mentioned 2 main goals were for network projects; monitoring of priority budget expenses for 2007 (social, investment, health, regional) and establishing groups for further monitoring.
- Social direction was designed for monitoring of a) energy subsidies for refugees b) food supply to refugees. NBC collaborated with Ministry of Labor and Social Defense within the project and ministry was much interested in outcomes of the project. Established Group includes several NGO and Media representatives
- Investment direction dealt with budget allocations to bridge and underground passes, as well as transparency and effectiveness of those expenses
- Health direction focused on diabetics state budget program, which was one of 8 health programs. Within activities a "Call for Health" Coalition was established, which got finances from NY Health Program for advocacy and monitoring of health expenses. The Coalition plans to continue collaboration with NY PH program in 2008 as well
- Regional budget expenses concentrated on educational expenses to regions (Ganja). Monitoring was provided in 3 regions of Ganja for expenses on free textbooks, ICT, expenses to kindergartens, repair. As a result of activities a film was made.

Achievements by directions

Institutional

- Institutional direction was designed for general management, as well as PR, advocacy, data base and web-site and international relations.
- The main achievement of NBG within this direction was collaboration with radio Liberty. So that NBG and radio Liberty had joint weekly radio programs on most interesting for public issues related to budget, such as transparency of educational expenses, health, infrastructure, etc. NBG also used this opportunity to inform public on its reviews on 2006, 2007 and 2008 budgets.





NBG in 2008

In 2008, which was election year NBG concentrated on total budget process and auxiliary activities strengthening the core work.

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NBG in 2009

Activities

- Preparing reviews
- Discussions/meetings with candidates
- Simple articles with stress on serious problems
- Investigations
- Public discussions
- Problems discussing and recommendations
- Publications
- Radio and TV access
- ▶ PR and advocacy
- Collaboration with foreign and regional partners
- Collaboration with foreign media

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Thanks for attention..! kenan@pfmc.az

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NBG in 2010

Activities

- Broader usage of NBG information and materials
- Including budget problems to electoral campaigns
- Recognition by government
- More systematic work
- Access to ordinary people and products for them
- Establishing "Budget Office"
- OBI 2010 national launching
- Popular social programs (among students, retirees)
- Corruption risks of investment expenses
- Effectiveness indicators on increasing budget expenses
- Public/MP participation in budget process (new public hearings in the regions)

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