

Strengthening Impact of Public Spending in Azerbaijan

Capacity Building in the Field of Medium Term Expenditure

WORLD BANK MISSION APRIL 4-15 | Baku, Azerbaijan

OBJECTIVE

From April 4th-15th, 2022 the World Bank team conducted a mission to Baku, Azerbaijan for the implementation of the Medium-Term Expenditure Framework Capacity Building Program (MTEF CBP). The mission was led by Ian Halvdan Ross Hawkesworth, (Sr. Governance Specialist and Task Team Leader) and Nadir Ramazanov (Sr. Economist and Co-Task Team Leader), and was comprised of Tural Jamalov (Sr. Financial Management Specialist), Robin Van Kippersluis (Sr. Governance Specialist), John Short (Consultant, Budget Practices and Procedures), Marco Cangiano (Consultant, MTEF Reform Strategy), Benedikt Braumann (Consultant, Macroeconomics), Ariel Melamud (Consultant, Budget and Transparency) and Samira Gasimova (Consultant, Economics). Representatives from the Swiss State Secretariat for Economic Affairs (SECO) also joined for selected meetings.

The overall objective of the mission was to assist with the development of MTEF with an increasing focus on performance that would foster inclusive growth, while keeping public finances on a sustainable path. A key objective was to establish an action plan that closely aligns with the authorities' goals in terms of MTEF implementation and in line with the World Bank and SECO's remit for support.

KEY OUTCOME

Based on the consultations, discussion of challenges and priorities during the mission and workshops, the MTEF Center Action Plan was developed. This was led by the MTEF Center and in coordination with relevant authorities such as the Treasury and Budget Department.



Mission Team led by Ian Halvdan Ross Hawkesworth (right) and counterparts from MTEF Center and MOF. Deputy Head of MTEF Center Rashad Hasanov (left)



Counterparts from MOF, MOE, Central Bank and State Oil Fund attending a seminar on fiscal risk management



Groupwork: Counterparts from the MTEF Center and Treasury brainstorming on the prerequisites for successful implementation of the MTEF reform

ENGAGEMENT

During the mission, the team met with counterparts from the Ministry of Finance, specifically the MTEF Center, Ministry of Economy, Ministry of Education, Ministry of Agriculture, Ministry of Ecology and Natural Resources, Chamber of Accounts, Eurasia Extractive Industries Knowledge Hub and the Center for Economic Reforms and Communication. Teams exchanged views on the current situation regarding the MTEF implementation and discussed potential activities for the beneficiary agencies in the future under the MTEF CBP.

A seminar on the Institutional Arrangements and Framework for Fiscal Risk Management was delivered by Ariel Melamud. Participants from the Fiscal Risk Management Division of the MTEF Development Center/Ministry of Finance and officials from the Chamber of Account, State Oil Fund and Ministry of Economy attended the three-hour technical session. The seminar covered a wide range of issues, including a general overview of the different types, frequency and costs of fiscal risks, mitigation and provision instruments and the institutional arrangement involved in FRM.

Change management was also addressed in some workshops with the MTEF Center, Treasury and Budget Department of the MOF, and was facilitated by Sr. Public Sector Specialist Robin Van Kippersluis. The session created a deeper understanding among senior leaders and staff in the MTEF Center on what may be most relevant and critical to ensure that financial reforms are implemented successfully and sustainably.

Consultants Marco Cangiano, John Short and Benedikt Braumann also conducted a workshop on “Good Practices When Introducing MTEF Reforms” to engage key stakeholders involved in the MTEF implementation. This workshop focused on the rationale for transforming to MTEF, prerequisites to have a successful transformation and international lessons learned across the world. It also included a tailored approach to Azerbaijan on where it stands in the process, extensively discussed the current budget calendar and how it needs to be modified to address some of the challenges.



From the workshop "Good practices while introducing MTEF reform"--discussing where Azerbaijan stands currently and what are key milestones



Colleagues from MTEF Center developing the Action Plan

NEXT STEPS

The World Bank Team will conduct follow-up discussions with the Ministry of Finance and other associated institutions on the operationalization of the action plan. This will be followed by a next mission to Baku, tentatively scheduled for the last week of June 2022.

FOR MORE INFORMATION, PLEASE CONTACT

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