

2023 State Budget and Non-Budgetary State Funds

written by BRI Economic Team BAİ İqtisadi Qrupu

The laws on the 2023 state budget and extra-budgetary funds were endorsed by Azerbaijan's president on the last working day of last year (December 30). The hike in energy prices amid the Russia-Ukraine war, which caused inflationary expectations, forces governments to pursue a tight monetary policy. The Azerbaijani government also should review its monetary and fiscal policy as a result. On the one hand, rising energy prices significantly increase Azerbaijan's oil and gas revenues, which boost the revenue capacity of the budget, but, on the other hand, the government's efforts towards increasing social spending to mitigate the social impact of growth become an additional burden on the budget. Not coincidentally, the share of socially oriented expenditures in the 2023 state budget has grown 45.7%. In addition, the implementation of construction works to rebuild the liberated territories has created an additional concern for budget expenditures for the last 3 years.

According to the [amendments](#) to the Law on the Budgetary System, dated December 9, 2022, revenues and expenditures of the Compulsory Health Insurance Fund are also included in the consolidated budget, and, unlike in previous periods, the Fund's revenues and expenditures are approved separately by the president, like other extra-budgetary funds.

In this regard, this Bulletin analyzes and compares revenues and expenditures of the 2023 state budget and extra-budgetary funds with those of the previous year.

It consists of 3 main sections.

The first section highlights the structure and main trends of 2023 state budget revenues and reveals the structure of state

budget revenues by sources, sectors and organizations, and conducts a comparison of those sources with 2022. The section also contains information on the structure of state budget revenues by taxes and non-tax revenues, and the composition and structure of taxes on goods and services.

The second section provides readers with an analysis of the 2023 state budget expenditure structure. It focuses on expenditures related to governance, public safety and security, social spending, and spending related to sustaining the economy, as well as a brief overview of expenditures. The section also examines the economic structure of the 2023 state budget expenditures, in addition to its functional distribution.

The third section analyzes revenues and expenditures of the extra-budgetary state funds. Revenues and expenditures of the extra-budgetary state funds are also taken into account in compiling revenues and expenditures of the consolidated budget. In this context, the 2023 budget revenues and expenditures of the four currently operating extra-budgetary state funds – the State Oil Fund of the Republic of Azerbaijan, the State Social Protection Fund, the Unemployment Insurance Fund and Compulsory Health Insurance Fund – are compared with the previous year, with all changes noted.

You can read the [2023 State Budget and Non-Budgetary State Funds](#) economic bulletin by clicking on the pdf file.