

Azerbaijan's COVID-19 Expenditures and Transparency

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This article analyzes the transparency and accountability of Azerbaijan's COVID-19 expenditures. The module on COVID-19 expenditures developed by the creators of the Open Budget Survey shows Azerbaijan's position in these areas and, in some cases, provides the government and members of civil society with material for a serious analysis.

COVID-19 expenditures: The international landscape

By the end of 2020, more than 400 fiscal packages had been prepared around the world to deal with the negative effects of the COVID-19 pandemic, and a total of USD 14 trillion was [mobilized](#) for that purpose. At present, the amount is even higher.

Since state-supported funds consist primarily of public money, their transparency and accountability are particular problems. Managing emergencies requires a non-standard approach, and the transparent management of financial funds created for this purpose in itself necessitates the use of special management methods.

In order to assess the transparency and accountability of COVID-19 expenditures, the International Budget Partnership (IBP) developed a special module as part of the 2021 Open Budget Survey (OBS) which [assesses](#) 120 countries.

Azerbaijan is one of those countries, and given that, since the beginning of the pandemic, the Azerbaijani government, like most others, has mobilized considerable resources, demonstrating a special approach and sensitivity in this area, it is interesting to analyze the country's position in the assessment.

The Azerbaijani government's COVID-19 response

The Azerbaijani government has taken the following measures to mitigate the negative effects of the COVID-19 pandemic. First of all, a presidential decree was [signed](#) on March 19, 2020 on measures to reduce the negative effects of the coronavirus pandemic. An action plan was approved by the order of the Cabinet of Ministers on April 4, 2020, and on the same day the main document, "Mechanisms of the measures for state support of economic growth and entrepreneurs," – i.e. the Action Plan itself – was [published](#). The next step was the [resolution](#) of the Cabinet of Ministers on April 7, 2020 to provide a lump sum payment (190 AZN). Finally, on August 13, 2020, the 2020 state budget was revised, and both the revenue and expenditure sections of the COVID-19 budget were [amended](#) accordingly.

Overall, the Azerbaijani government allocated AZN 3.3 billion, or 4% of GDP, to reduce the negative impact of COVID-19, but in practice the amount was less. According to the IMF, Azerbaijan is in the [middle](#) of the pack in terms of this indicator. IBP's COVID-19 module includes 3 pillars (transparency, oversight, and public participation) in accordance with the OBS methodology.

Methodology

In contrast to the standard approach of the OBS, the special module for the study of COVID-19 expenditures does not rank countries, but rather places them in one group or another. Thus, the IBP created groups consisting of 5 categories from 0-1, and assigned each country to one of them. These [categories](#) are *Minimal* (0-0.20 points), *Limited* (0.21-0.40), *Some* (0.41-0.60), *Adequate* (0.61-0.80) and *Substantive* (0.81-1.00).

Interestingly, none of the 120 countries surveyed fully met the requirements for the *Substantive* category, and it was left [empty](#). As IBP experts themselves point out, this reaffirms that governments were unprepared for the COVID-19 pandemic

because it was indeed an emergency, and that their spending was generally not as transparent as desired.

Azerbaijan's position in the survey

As for Azerbaijan, as expected, the official documents and plans for COVID-19, no matter how good they were and no matter how open access was to them, generally did not have the desired level of oversight over spending or especially public participation. Azerbaijan is [included](#) in the largest group in the assessment – *Limited* (55 countries). For comparison, Azerbaijan's neighbors Georgia, Armenia, Russia, and others are in this group. Another interesting point is that Turkey, along with 31 countries, is in a weaker group (*Minimal*).

Azerbaijan's best position in the COVID-19 module is related to macroeconomic and aggregate budget info, for which Azerbaijan was placed in the *Adequate* group. Other components – the introduction of the fiscal package, policy measures, and sources of financing – are in the relatively good *Some* category.

This shows that, in this context, the government demonstrated good governance, and the assessment of the overall situation, especially in the package of amendments to the 2020 state budget, was relatively good.

Against this backdrop, however, data on the implementation of the package, reporting on execution, and procurement were categorized as *Minimal*.

Oversight over the COVID-19 funds was also quite bad. Thus, both parliamentary oversight ('role of legislatures') and the role of the Chamber of Accounts ('role of national audit offices') fall into the *Minimal* category. Public participation was also minimal, as expected.

Conclusions and thought-provoking questions

Taking into account the results of the study, as well as

Azerbaijan's positions in the separate categories, the following conclusions can be drawn:

The government's approach to COVID-19 expenditures and the fact that it took fairly consistent and logical steps to reduce the negative effects of the pandemic at an early stage suggest that the government's mobilization potential is very strong. When necessary, almost all government institutions can adjust to a problem. At first glance, this may seem normal, but for many other countries, it is the weakness of the government's mobilizing capacity that is a serious obstacle to good governance. The potential for mobilization in public administration and the targeting of strategic goals in unison ultimately characterize effective public administration. It is no coincidence that in recent years, Azerbaijan has had a relatively good [position](#) in this indicator on various indexes.

It should be noted that the lack of regular data on the implementation of expenditures, as well as the impossibility of tracking expenditures in many cases, and especially the lack of data on procurement, remain weak points as always in the COVID-19 expenditures.

Does this mean that it is impossible to make progress in this direction? In fact, the government is proving the opposite with other measures. For example, one of Azerbaijan's traditionally weak points in the OBS was the monitoring of budget revenues and expenditures over the course of a year. Earlier, the Ministry of Finance published this data in a short quarterly bulletin, which lowered the country's rating in the survey because it did not meet international standards. However, for the second year in a row, the Ministry of Finance has made significant [progress](#) by creating a special window on this component's website and posting regular and, most importantly, detailed data on a monthly basis. Thus, the Ministry of Finance has shown that there are no political or technical barriers to ensuring the transparency of public finances. It is enough to have the will to do so.

Another thought-provoking issue is the legislature's position mainly as an observer on both the budget process and COVID-19 spending, and its lack of active participation. Strengthening the role of parliament in the budget process begins with concrete steps, and civil society has an interest in working closely with the legislature in this area.

As a logical continuation of the above, an issue as important as public participation should be on the agenda of the government and parliament. Much has been written about the importance of public participation in decision-making, but the problem remains relevant. In order to organize this work properly, it is necessary to discuss it with the stakeholders first. There is reason to believe that some of us do not fully understand why public participation is so important or even what its essence is.

Thus, the COVID-19 module actually revealed some existing problems, which is an opportunity for stakeholders, especially members of civil society, to formulate concrete proposals for cooperation in the near future to address these issues and start working together.