



Baku Research Institute

Budget documents disclosed to the public and information of public significance

**Comparative
ANALYTICAL REVIEW
of the South Caucasus countries**

BAKU – 2025

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Summary

Active participation of society in budget processes, as well as the ability of society to demand accountability from the government, is possible only through access to detailed budget information. With limited exceptions, citizens' access to budget information cannot be restricted under the pretext of state secrecy or by any argument other than those accepted in international practice. Regardless of whether they live in rural or urban areas, people residing in any geographic location of the country should be able to easily obtain information, including from internet sources, about expenditure volumes for education, healthcare and infrastructure in their area, the amount of funds allocated to national defence, as well as the monthly salaries received by police officers, security personnel, military servicemen, doctors and teachers who are responsible for public security, defence, health and the education of children. Only under these conditions can public information be considered accessible.

In recent years, the Ministry of Finance of the Republic of Azerbaijan has significantly expanded the scope of budget information disclosed through its official website. However, the issue is not limited to the volume of information alone, but also concerns its quality. In some cases, a large amount of arbitrary text may convey less information than a much smaller volume of well-structured data. From this perspective, alongside the number of disclosed budget documents, their content, scope, completeness, usefulness for the public and capacity to meet public needs are of critical importance. Recommendations issued by international organisations such as the International Monetary Fund and the Organisation for Economic Co-operation and Development in the field of budget transparency and public disclosure of budget data define advanced standards for information accessibility.

During parliamentary discussions of the draft state budget, the Milli Majlis, which is required to disclose all budget information, limits itself to publishing only the draft Law on the State Budget for the following year. To assess the extent to which the disclosure of budget data meets the criteria outlined above, it is insufficient to rely solely on internationally accepted standards. One useful approach is cross-country comparison. In this context, comparing countries from the same region, particularly those that may serve as examples of good practice, allows for a more objective assessment.

Over the past ten to fifteen years, alongside Azerbaijan, significant efforts have also been undertaken in the other two South Caucasus countries, Georgia and Armenia, to improve public access to budget information. Taking this into account, a comparative analysis of budget information disclosed to the public in all three countries of the region has been conducted. It should be noted that the analysis focuses on budget documents disclosed at the stage when the draft budget is submitted for parliamentary discussion, rather than documents published after the budget has been approved. This period is of particular importance for encouraging public participation in budget discussions through transparency of information.

The analysis consists of the following four sections:

- International initiatives in the field of budget information accessibility

- Budget information disclosed to the public by the Government of Georgia for the next fiscal year and the medium-term period
- Budget information disclosed to the public by the Government of Armenia for the next fiscal year and the medium-term period
- Budget information disclosed to the public by the Government of Azerbaijan for the next fiscal year and the medium-term period

The review assesses the level of disclosure of budget information for 2026 and the subsequent three years in all three South Caucasus countries. Budget data for each country are presented in national currencies. In addition to comparing budget information and documents, interested readers may calculate cross-country differences in budget indicators using the average monthly exchange rates of the national currencies of Azerbaijan, Georgia and Armenia against the United States dollar for the reporting period of November 2025. According to the exchange rates set by the central banks for that period:

1 United States dollar equals 2,7 Georgian lari,

1 United States dollar equals 382 Armenian dram,

1 United States dollar equals 1,7 Azerbaijani manat.

1. International initiatives in the field of budget information accessibility

There are several international initiatives that governments may take into account when ensuring public access to budget information. One of the most important among these is the Fiscal Transparency [Code](#) of the International Monetary Fund. Based on this document, the Fiscal Transparency [Handbook](#) prepared in 2018 provides specific approaches and recommendations concerning the public disclosure of budget data. The experts who prepared the handbook identify three levels of information accessibility and transparency: a basic level, which provides for disclosure of key budget parameters such as revenues, expenditures, public debt and macroeconomic indicators, as well as good and advanced practices that ensure more comprehensive and detailed disclosure.

In general terms, achieving budget transparency in line with good practice under the IMF approach requires the following:

- Disclosure of budget data covering the entire public sector, including central and local budgets as well as state-owned enterprises
- Disclosure of key macroeconomic forecasts, including economic growth, inflation and oil prices, covering a period of three to five years
- Disclosure of expenditure classifications through supplementary tables at functional, economic, administrative and programme levels
- Disclosure of lists and amounts of major investment projects
- Disclosure of information on subsidies and tax exemptions

A key requirement is that all such information be made available in machine-readable formats. Disclosure through a dedicated budget portal is also recommended.

The PEFA [methodology](#), which is a joint initiative of several international organisations, also establishes specific requirements regarding budget information accessibility. Among its main recommendations are the disclosure of medium-term budget and macroeconomic forecasts, extra-budgetary operations, fiscal risks and public debt, as well as information on resources received by budgetary entities.

The OECD budget transparency [guidelines](#) similarly recommend the disclosure of medium-term budget and macroeconomic forecasts and fiscal risks, as well as the provision of detailed public information in line with good practice. This includes disclosure of expenditures at programme and project levels, openness of the economic classification of expenditures by functional sections, and presentation of lists of major investment projects, public debt and government guarantees. Machine-readable budget data and dissemination through a dedicated budget portal are also among OECD recommendations.

Finally, the approaches of the International Budget Partnership, hereinafter referred to as IBP, are also of considerable importance in this field. The IBP [methodology](#) contains specific provisions on budget transparency. According to these provisions, governments should

disclose budget and macroeconomic indicators and forecasts for the next fiscal year and the medium-term period in the Pre-Budget Statement.

Within the framework of the Open Government Initiative, there are also approaches and [recommendations](#) concerning the accessibility of budget information. These initiatives have been developed largely on the basis of a synthesis of the recommendations of the International Monetary Fund, the World Bank and the OECD.

2. Budget Information for the Next Fiscal Year and Medium-Term Period Published by the Government of Georgia

In accordance with [Article 135](#) of the Rules of Procedure of the Parliament of Georgia, the government must submit the draft law on the state budget, together with materials stipulated by legislation (including the report on the execution of the current year's state budget), as well as the document on the country's main information and development directions, to the Parliament no later than October 1. Once the mentioned budget documents are submitted to the Parliament, they are immediately published on its website.

The government of Georgia makes the draft budget and the documents included in the budget package publicly available through the [official online resources](#) of the Parliament. The published documents allow the public to obtain sufficiently broad and detailed information regarding the state budget. Although the budget package consists of multiple documents, the main documents that provide the public with essential budget information are as follows:

1. Main Information and Development Directions of the Country;
2. Annex on Program Budget;
3. Annex on Central Budget;
4. Annex on Budget Investments.

[The Main Information and Development Directions of the Country](#) is a comprehensive document of approximately 200 pages covering the next four-year period (the latest document covers 2026–2029). The first part of the document is devoted to the government program titled "Towards a Europe of Peace, Dignity, and Prosperity."

The program covers the following four main areas of state policy:

1. **Democratic Development** – strengthening state institutions, creating institutional mechanisms for the protection of human rights;
2. **Economic Development** – macroeconomic policy and rapid economic growth, economic reforms, employment, entrepreneurship development, innovation and technology development, foreign trade relations, tourism, energy sector, transportation and logistics, internet development and digital transformation, agriculture and rural development, infrastructure including road infrastructure and water supply, environmental protection, and more;
3. **Social Policy and Human Capital Development** – healthcare, social protection, science, education, youth policy, culture, sports;
4. **Foreign Policy and Defense** – foreign policy and defense.

The second part of the document reflects the main macroeconomic and budgetary parameters. According to the forecast of key macroeconomic indicators, in the next four years, the real GDP growth rate will not fall below 5%, per capita GDP will increase from 11.000 to 14.000

dollars, nominal GDP will grow from 110 billion lari (approximately 40,7 billion dollars) to 140,11 billion lari (51,9 billion dollars), and inflation will stabilize around 3%. Total budget revenues are expected to grow from 27,71 billion lari (10,3 billion dollars) in 2025 to 37,51 billion lari in 2029, while tax revenues will increase from 25,31 billion lari to 35,11 billion lari, and the ratio of forecasted budget revenues to GDP is targeted to rise from 26,6% to 28,5%. In 2026–2029, total budget expenditures are expected to increase from 24,91 billion lari to 31,71 billion lari.

The third section of the document covers the management of financial and human resources of entities financed from the state budget. This section provides the public with the following budget information:

1. **Maintenance costs of central government structures.** For example, according to the document, in 2026, 91,5 million lari will be allocated to the Parliament of Georgia, 10,5 million lari to the Presidential Administration, 30 million lari to the Government Administration, 43,7 million lari to the Central Election Commission, 22 million lari to the Supreme Court, and 265 million lari to the State Security Service.
2. **The maximum number of staff positions is established for each institution.** For example, the maximum is 708 for the Parliament, 69 for the Presidential Administration, 227 for the Government Administration, 506 for the Central Election Commission, 225 for the Supreme Court, and 3,850 for the State Security Service.
3. **Maintenance costs of local government structures in each region.** For example, 1,3 million lari is allocated for maintaining prosecutorial structures in the municipalities of Lanchkhuti, Ozurgeti, and Chokhatauri.

Annex on Central Budget – The 195-page document titled [“Information on the Central Budget of 2026”](#) provides detailed information on the revenues and expenditures of the central budget for the next year. Through this publicly available document, anyone interested can obtain the following budget information:

1. Information on the total receipts of the state budget, including tax revenues. This section also discloses the volume of off-budget revenues from all sources permitted by legislation. For example, in 2026, out of 26,6 billion lari in central budget revenues, approximately 2,5 billion lari is expected to come from off-budget sources. Overall, 23 billion lari or 86,5% of total budget revenues will be formed from tax receipts.
2. The total amount of expenditures for each organization financed from the budget and their distribution by paragraphs. In 2026, expenditures are distributed across 67 organizations. For example, 272 million lari is allocated for the maintenance of the State Security Service in 2026, divided across four paragraphs: (i) 186,2 million lari for measures to ensure state security; (ii) 57,5 million lari for operational-technical activities of the State Security Service; (iii) 2,9 million lari for staff training and retraining; (iv) 25 million lari for intelligence activities.
3. Expenditures by economic classification for each organization and paragraph. The Government of Georgia even fully discloses the economic structure of expenditures allocated for defense, law enforcement, and security agencies. For example, of the 272 million lari allocated to the State Security Service for the next year, 152,6 million lari will be spent on salaries, 89,9 million lari on the purchase of goods and services. Of the 95,5 million lari allocated to the Prosecutor’s Office, 66,8 million lari will go to salaries,

18,6 million lari to goods and services, 6,8 million lari to intangible assets; of the 1,8 billion lari allocated to defense expenditures, 929 million lari will be spent on salaries, 381 million lari on goods and services; of the 1,9 billion lari allocated to the Ministry of Internal Affairs, 1,3 billion lari will be salaries and 397,3 million lari for goods and services.

4. Revenues that public and non-profit legal entities are entitled to under legislation and the planned expenditures within these revenues. In 2026, the off-budget revenues of budget organizations are projected at 2,5 billion lari (approximately 926 million dollars). About one-third of these revenues, or 849 million lari, will be spent on salaries, and 930 million lari on goods and services. Public legal entities include institutions such as the Public Audit Institution, Supreme School of Justice, Georgian Operational-Technical Agency, Ministry of Finance Academy, Financial-Analytical Service, cultural and art facilities, various universities, etc. For example, the National Tourism Administration's revenues are projected at 2 million lari, the State Property National Agency's revenues at 29,6 million lari, and the Military Hospital of the Ministry of Defense at 20,5 million lari. Detailed information on how each organization will spend these revenues is also provided.

Annex on Program Budget – The 445-page document titled “[Information](#) on the Expected Results and Indicators of Programs Defined in the State Budget for 2026” provides detailed information on programs and sub-programs covering various priority areas for 2026–2029. These areas are:

- Accessible, quality healthcare and social protection
- Defense, public order, and security
- Regional development, infrastructure, and tourism
- Education, science, and vocational training
- Macroeconomic stability and improvement of the investment environment
- Institutional development and legal support of state interests
- State support and reintegration promotion for internally displaced persons and migrants
- Culture, religion, youth promotion, and sports
- International relations and integration with the Euro-Atlantic space
- Agriculture
- Environmental protection and management of natural resources

Under the priority of accessible, quality healthcare and social protection, information is provided on programs implemented in the healthcare and social protection sectors, their implementers, allocated funds, objectives and tasks of the programs, expected outcomes, and indicators to measure them. In 2026, a total of 9,4 billion lari will be allocated for the financing of programs and activities in this priority.

In 2026, expenditures under this priority are distributed across different programs, and the main allocations are as follows:

- (i) 6,992 billion lari (2,6 billion dollars) for the Social Protection of the Population Program;
- (ii) 2,036 billion lari (754 million dollars) for the Health Protection of the Population Program;
- (iii) 113,3 million lari for the Reform of the Employment System Program;
- (iv) 143,8 million lari for the Social Protection of Internally Displaced Persons Program.

The document provides a detailed description of each program, listing program objectives and specific projects. For example, under the Social Protection of the Population Program, various projects include: providing 20% supplements to pensions of permanently residing elderly in highland settlements, and compensating 50% of the monthly electricity consumption fee for subscribers in highland settlements (not exceeding the cost of 100 kWh/month).

Outcome indicators are included to evaluate program results. For example, for the Social Protection of the Population Program, some of the result indicators are: achieving a 5% increase in the number of people receiving social services compared to the baseline (18,5 thousand people) and a 7% increase in the share of the population covered by social protection measures compared to the baseline (43%).

Each program has sub-programs. For example, the Social Protection of the Population Program includes five sub-programs:

1. Pension provision for the population
2. Social assistance for target groups
3. Social rehabilitation and child care
4. Social benefits in highland settlements
5. State care, protection, and support for victims of human trafficking

Annex on Budget Investments – The 75-page document titled [“Information on Capital Projects Planned under the State Budget of Georgia for 2026”](#) provides information on approximately 90 projects planned for 2024–2029, along with the names of donors financing them. The table lists projects that have been completed (2024), are ongoing (2025), and will be implemented over the next four years, showing the annual allocations and total project cost. For example, the total capital budget for the construction of Kutaisi airport runway is 239,5 million lari, with 49,5 million lari in 2024, 70 million lari in 2025, and 60 million lari per year in 2026–2027 (total 120 million lari) to complete the project. One of the largest government projects, Anaklia Port, has a construction budget of 581 million lari (approximately 210 million dollars), of which 220 million lari has already been spent in 2024–2025. In 2026, 150 million lari is allocated, with the remaining 211,3 million lari to be spent in 2027–2028 to complete the project.

People in all regions can find detailed information through this document on which water, sewage, education, healthcare, cultural facilities, and road infrastructure projects have been implemented in their region over the last two years, and how much funding was spent on them. Similarly, information on each project and its budget for the next three years is publicly available.

The document also provides additional information on each project, including project code, priority of implementation, program code and name, program implementer, project description and objective, expected intermediate results, detailed project information, and expected final results. For example, under the Innovation and Technology Development Program, in 2026, 10 million lari will be allocated for the development of artificial intelligence through budget investments for the first time. In 2027–2029, an additional 39,7 million lari is included in the investment program for this project. The implementer of the project is the Georgian Innovation

and Technology Agency. The project's objective is to promote the development of knowledge-based companies and startups for sustainable national development, creating an education-industry and information environment that develops the creative, design, research, construction, and prototyping skills of beneficiaries. The project plans to establish Artificial Intelligence Research and Competence Centers staffed with professionals equipped with modern infrastructure. Intermediate and final results of the project are also disclosed: the development of AI-based innovations in the country, increased productivity in the private and public sectors, attraction and professional development of new high-skilled personnel, deepened international cooperation, preparation and application of commercially viable products, research, or services based on science and technology, creation of new technology-oriented services, and strengthening of the national innovation and technology ecosystem.

3. Budget Information for the Next Fiscal Year and Medium-Term Period Published by the Government of Armenia

The set of documents for the draft budget for the next year is published on the Ministry of Finance website by October 20, which allows the public to obtain detailed information on the country's main financial document for the next three years.

The [documents](#) provided by the Ministry are divided into two parts: (i) Draft law on the budget for the next year and its annexes; (ii) Government's budget message and explanations to the draft law, with analytical tables attached to the explanations.

The draft budget reflects the main parameters of the budget for the next year – revenues, expenditures, budget deficit and its financing sources, targeted inflation rate, and other indicators. For example, according to the published draft law, in 2026, state budget revenues are projected at 3.262 billion drams (8,5 billion dollars), expenditures at 3.799,4 billion drams (9,9 billion dollars), with a budget deficit of 537,5 billion drams (1,4 billion dollars). The deficit financing sources are defined as follows: 266,2 billion drams from domestic sources and 271,3 billion drams from external sources. The annual inflation target is set at 3% ($\pm 1,0$).

One important point to note: unlike in Azerbaijan, in Armenia, social insurance contributions that do not go into individual savings accounts but are collected solely to finance current pension expenditures are included in the state budget. Therefore, compulsory social insurance contributions are part of state budget revenues.

The main details of the budget, including all information of public interest, are reflected in the annexes. The publicly available information in the annexes includes:

1. **Programs implemented by state institutions and the distribution of budget expenditures across these programs.** In the 2026 draft budget, government expenditures are allocated across 172 programs. Examples of such programs include support for the elderly and disabled, modernization of the public sector, environmental impact assessments, public health support, maintaining competition in the economy, vocational education development, cultural development in regions, prevention of infectious diseases, organization of emergency medical services, restoration and development of rural infrastructure, support for the agricultural sector, and more.
2. **Programs and activities implemented with grant support from foreign states and international organizations.** In 2026, 37 projects totaling 19,6 billion drams (51,1 million dollars) will be implemented with this source. This includes strengthening Tuberculosis and HIV/AIDS programs supported by the Global Fund, support for the National HIV/AIDS Program, grant programs for irrigation agriculture development in Ararat and Armavir regions supported by the French Development Agency, and more.
3. **Programs and activities implemented with loan support from foreign states and international organizations.** In 2026, more than 50 programs will be financed with

foreign loans totaling 85,9 billion drams (224 million dollars). These include the State Sector Modernization Program supported by the World Bank, restoration of irrigation systems, and the construction of the Selav-Mastara reservoir supported by the German Development Bank.

4. **Distribution of subsidies provided by the central government to local budgets by communities.** In 2026, a total of 107,8 billion drams (282 million dollars) in subsidies is planned for small communities (population under 3.500) and border communities, with 65 communities eligible to receive this support.
5. **Distribution of subsidies provided to local budgets by programs and activities.** These activities include executing powers delegated to community heads by the state for traffic regulation in communities, providing preschool education for children under 5 in certain social groups, and other similar activities.
6. **Sources for financing the 2026 budget deficit.** This document provides detailed information for both domestic and external sources. For example, the volume of securities issuance for domestic sources, and the specific allocation of external funds by program and project, are listed.
7. **Priority programs and projects for the next budget year.** In 2026, 195,2 billion drams (510 million dollars) will be allocated across 62 projects. The distribution of funds for each project is provided. Examples include improving penitentiary facilities, forest restoration and afforestation, construction of stadiums and sports schools to develop football infrastructure, providing shelters for the homeless, organizing nutrition for socially vulnerable people, partial payment of rent for socially vulnerable families living in rental apartments, providing day-and-night care services for the elderly and disabled, home care services for the elderly and disabled, day-and-night care for children, and services in family support centers for children in difficult life situations.
8. **List of budget investment projects and their allocations.** In 2026, 593 billion drams (1,55 billion dollars) are allocated for the implementation of the investment program, which covers approximately 600 investment projects. Each investment project's name, location, and allocated amount are included in the annex. For example, in the Lori region, 2,7 billion drams (7,1 million dollars) is allocated for the construction of 9 schools (Lorut, Norashen, Alaverdi, etc.), with 300 million drams (788 thousand dollars) per school.
9. **Expenditures for the maintenance of intergovernmental and republic-level roads under the 2026 state budget.** A total of 6,9 billion drams (18,1 million dollars) is allocated for 10 roads, with the names included in the draft.
10. **Administrative budget of the Central Bank.** In 2026, 12,1 billion drams (31,5 million dollars) is allocated, 98% of which is for salaries, travel allowances, and training to improve staff qualifications. Major expenditures and building maintenance costs are not included.
11. **Description of specific activities under each budget program, their objectives, and expected outcomes.** The annex presents hundreds of activities across 172 programs, with the funds allocated for each. For example, the Demographic Improvement Program is allocated 84,1 billion drams (220 million dollars), with various activities such as providing benefits for children under 2 (28,9 billion drams) and monthly payments of 50.000 drams (130 dollars) per child born to families with 3 or more children (32,9 billion drams).

The government's budget message and explanations to the draft law are voluminous (over 200 pages) and provide comprehensive details on the draft budget. The document's structure includes macroeconomic development and forecasts (economic growth and GDP, labor market, exchange rate, balance of payments, economic risks, etc.), main directions of government financial policy, main parameters of the state budget (expenditures and main spending priorities, budget revenues and taxes, sectoral and program distribution of expenditures, budget deficit and financing sources, budget risk analysis), and public debt.

The annexes to the budget explanations allow citizens to access the following budget information for the next fiscal year and the next three years:

1. **Number of vehicles at the disposal of state bodies.** In 2026, 639 vehicles will be available to 61 state institutions, 49 fewer than in 2025. The highest number of service vehicles will be in the State Revenue Committee (126 vehicles) and the Investigative Committee (84 vehicles), while the Presidential Administration will have the least (6 vehicles). The Prime Minister's office will have 19, and the Parliament 26 service vehicles.
2. **Comparative distribution of expenditures for 2024–2026 by programs and activities.** This annex provides a detailed breakdown of expenditures for each budget organization by programs and activities. For example, 7 billion drams (18,3 million dollars) allocated to ensure the functioning of Parliament in 2026 are distributed across activities such as parliamentary operations, analytical and representative services, training for parliamentary staff, measures to strengthen parliamentary management, international parliamentary organization membership fees, support to parties and party alliances, improving technical equipment, and building maintenance. Each activity's expenditure is separately indicated.

For primary healthcare, 30,6 billion drams are distributed across programs, sub-programs, and activities such as laboratory and instrumental diagnostic tests for specific diseases requiring continuous monitoring, colorectal cancer screening, technical service costs of the program office, supply of modern medical equipment and furniture to 10 medical institutions, construction and renovation of healthcare facilities, pathological-anatomical examinations, drug supply, maternity care services, pediatric medical services, assessment and rehabilitation services for children with mental, behavioral, auditory, or other developmental disorders, medical assistance using assisted reproductive technologies for infertile couples, and newborn screening for congenital disorders.

For general education, 139,7 billion drams (362 million dollars) are allocated in 2026, distributed across activities such as implementing innovative pedagogical programs, conducting school olympiads, providing students with textbooks and teaching materials, supplying educational institutions with teaching and methodological materials, promoting STEM and robotics education, participation in PISA, compensation for teachers working outside their residence, transportation compensation for teachers and school-age children, rewarding teachers under the "Best of the Year" initiative, additional payments to teachers in rural schools with up to 100 students, and more.

This annex also includes information on investment expenditures for each sector. For example, 140,9 billion drams (386 million dollars) is allocated in 2026 for the construction, renovation,

and equipping of general education and preschool institutions. Of this, 50,8 billion drams (133 million dollars) is for building new secondary schools, and 4,9 billion drams (13 million dollars) for constructing a student campus (Academic City) to allow all universities to operate on the same campus.

3. **Presentation of program expenditures for the next fiscal year based on outcome indicators.** This annex includes programs, their planned activities, baseline indicators, and targets for the end of the reporting period. For example, outcome indicators for the Ministry of Health's Public Health Program include vaccination coverage of children under 1 year (baseline 92%, target 95% by 2028), vaccination coverage of children under 2 years (baseline 91%, target 95% by 2028), national blood supply level (baseline 100%, to be maintained at 100% by 2028), reduction in smoking compared to previous years (baseline 0%, target 4% reduction by 2028), share of male smokers over 18 years (baseline 51.5%, target 47.5% by 2028), mortality rate among children under 5 per 1.000 (baseline 7, target 4,7 by the end of the reporting period). For the Tourism Development Program, two indicators are selected: revenue from international tourism (baseline 370 billion drams, target 1 trillion drams), and number of foreign tourists (baseline 870 thousand, target 2,7 million).
4. **Distribution of expenditures by functional classification by programs and activities.** This section presents the detailed amount of expenditures for all functional directions of the state budget across each program. For example, the Defense section includes programs and sub-programs for foreign military aid (including military attachés and representatives abroad), research and design in defense, professional education and retraining in the military industry, and national defense organization.
5. **Economic classification of program expenditures.** This annex shows which portion of each program's expenditures is allocated to salaries and goods and services, and which to construction and acquisition of buildings and facilities.
6. **Economic classification of total state budget expenditures.** This annex provides a breakdown of expenditures by economic items without allocation to functional directions or programs. For example, of the total current expenditures of 2,925 trillion drams in 2026, 275 billion drams are salaries, 1,286 trillion drams social payments, 513 billion drams subsidies and grants, 423 billion drams interest payments, and 418 billion drams for goods and services.
7. **Economic distribution of expenditures by functional classification sections.** This annex allows anyone to see, by functional directions, the detailed composition of expenditures allocated to any state institution, including police and security agencies, broken down into salaries, goods and services, and vehicles. For example, of the 1,6 billion drams allocated to the Presidential Administration in 2026, 861,5 million drams are for salaries, 52,3 million drams for utilities, and 405 million drams for travel expenses. Of the 16,8 billion drams allocated to ensure the functioning of the Supreme Court, expenditures for each institution's different activities are separately shown. For example, 3 billion drams out of 4,2 billion drams for ensuring judicial independence are for salaries.

The Ministry of Internal Affairs' budget, including salary expenditures, is fully disclosed by main activities and programs. For example, the Ministry is allocated 102,6 billion drams (268 million dollars) in 2026. Of this, 13,6 billion drams is for the rescue service, 12,1 billion drams of which are salary expenses. Of the 394,2 million drams allocated to the Fire Protection

Service, the funds are intended for purchasing vehicles and equipment. Of the 20,1 billion drams for policy staff, 12 billion drams is for salaries. For personnel responsible for protecting critical facilities, 23,5 billion drams is allocated, 19,3 billion drams of which is for salaries and bonuses. For combating serious and particularly serious crimes, 4,5 billion drams is allocated, 4,3 billion drams of which is for salaries. In this way, the public is informed of the composition of police expenditures from the state budget across all expense directions and activities.

4. Budget Information Disclosed to the Public by the Government of Azerbaijan for the Next Fiscal Year and Medium-Term Period

According to [Article 13](#) of the Law on the Budget System, the draft law on the state budget for the next fiscal year, along with its attached documents, must be submitted to the National Assembly for discussion and approval no later than October 15 of the current year. [Article 14](#) of the law states that the draft law on the state budget for the next fiscal year must be published in the press within 10 days from the date it is submitted to Parliament, together with the following documents:

- Draft law on the state budget for the next fiscal year and the explanatory note to the draft law;
- Strategy for economic and social development of the Republic of Azerbaijan for the next fiscal year and the following three years, along with forecast indicators;
- Main directions of budgetary and tax policy and target indicators for the medium-term period, as determined by the Cabinet of Ministers;
- Targeted programs financed from the state budget;
- Draft of the budget revenue classification and revenue and expenditure by functional, economic, and administrative classifications at the paragraph level;
- Information on state debts and other obligations guaranteed by the state;
- Draft of the consolidated budget for the next year, in accordance with functional and economic classifications at the paragraph level;
- Draft of the state investment program showing total amounts by sector and area for investment projects corresponding to the draft state and consolidated budgets for the next year and the following three years;
- Aggregate financial balance across the territory of Azerbaijan;
- Draft laws and explanatory notes on the budgets of extra-budgetary state funds for the next fiscal year.

Analysis of information disclosed by the National Assembly shows that, to date, the legislative body has only published the draft law on the state budget on its official website. For example, during the period when the next year's budget discussions are ongoing in Parliament, only the [draft law](#) on the state budget of Azerbaijan for 2026 has been posted, as in previous years.

The draft law contains the following information:

- Amounts of state budget revenues from tax and non-tax sources by revenue type. For example, according to the draft, in 2026, revenues from nine types of taxes (corporate profit, individual income, corporate land and property, mining, excise, road, simplified, and value-added taxes) will form 21,4 billion manat of the total 38,6 billion manat state budget revenue. Customs duties will contribute 1,8 billion manat, and the State Oil Fund will contribute 12,8 billion manat.

- Functional classification of state budget expenditures at section and subsection levels (e.g., education expenditure sections for preschool, general, and vocational education). According to the draft, total state budget expenditures for 2026 are 41,7 billion manat. The draft provides a breakdown into 12 functional sections, 65 subsections, and 17 paragraphs. For example, of 5,5 billion manat in general government service expenditures, 220,7 million manat is allocated to the inter-budget transfers subsection, of which 211,6 million manat is a grant to the Nakhchivan Autonomous Republic, and the remainder is allocated to local budget paragraphs. However, the draft does not provide the economic classification of expenditures or their allocation by programs for each functional section. Likewise, the allocation of subsidies to municipalities by local government and specific projects is not disclosed.
- Total local revenues and expenditures, including by district and city. However, no details are provided on the maintenance of local executive authorities or the planned expenditures for main sectors (education, health, infrastructure, environmental protection).
- Expenditures on servicing domestic and external public debt. The draft sets the upper limit of debt service expenditures for 2026 at 2 billion manat for domestic debt, 6 billion manat for external debt, and the maximum amount of state guarantees to be issued during the year at 3 billion manat.
- Upper limit of the state budget deficit. The draft establishes the maximum deficit of the state budget for 2026 at 3,095 billion manat.

Although Parliament publishes the legally required documents, they are not publicly accessible and are intended only for official use and distribution to deputies.

Unlike Parliament, the Ministry of Finance publishes budget parameter information on its official website under the section [“Medium-Term Expenditure Framework.”](#) This section includes various documents, including the [Medium-Term Budget Framework \(2026-2029\)](#). The information in these documents largely overlaps, but in some cases, indicators for the same category differ. For example, the amount allocated to three sectors under the Medium-Term Expenditure Framework differs between [documents](#): for 2026, the Environment Protection sector is allocated 415,8 million manat in the Framework document, while another document lists 424,8 million manat; Education sector allocations are 5,02 billion vs. 5,06 billion manat; Social Protection and Social Security sector allocations are 4,58 billion vs. 1,18 billion manat.

Combining the Medium-Term Budget Framework and Medium-Term Expenditure Framework for 2026-2029, the publicly available budget information not included in the draft state budget can be grouped as follows:

- **Total public debt.** By the end of 2026, total public debt will reach 30,526 billion manat, 1,522 billion manat more than the 2025 forecast. Net new public borrowing will amount to 1,525 billion manat, debt service expenditures 2,627 billion manat, and expenditures for financing the budget deficit by borrowing 2,469 billion manat.
- **State budget oil and non-oil revenue.** Of the projected 38,6 billion manat budget revenue for 2026, 21,6 billion manat (56%) will come from non-oil revenue.
- **Tax and non-tax revenues of the state budget.** Of the projected 38,6 billion manat in 2026, 21,4 billion manat (55,4%) will be tax revenues, and 17,2 billion manat (44,6%) non-tax revenues. Of tax revenues, 16,4 billion manat will come from the State Tax

Service and 5 billion manat from the State Customs Committee. The main part of non-tax revenues, about 12,9 billion manat, will come from the State Oil Fund.

- **Distribution of state budget expenditures by current and capital spending.** Of the projected 41,7 billion manat in 2026, 14,1 billion manat will be capital expenditures, and the remainder current expenditures.
- **Distribution of expenditures by economic classification.** In 2026, 24,5% of expenditures (10,2 billion manat) will go to wages, 13,2% (5,5 billion manat) to goods and services, 33% (13,8 billion manat) to intangible assets, and 8,6% (3,6 billion manat) to social payments.
- **Sectoral information under the Medium-Term Budget Framework.** Forecasts for expenditures in three sectors—Education, Agriculture, and Environmental Protection—are provided for 2026-2029. For example, an average of 5,1–5,3 billion manat per year will be allocated to Education (10 programs), 1,2 billion manat to Agriculture (8 programs), and 425–454 million manat to Environmental Protection (5 programs). Program names and allocated amounts are provided, but program objectives, expenditures by project/activity, and results indicators are not disclosed. For instance, in 2026, Agriculture sector allocations include 970,4 million manat for the Crop Development program and 16,7 million manat for the Agricultural Insurance Services program. Information is general and does not provide detailed expenditure composition.
- **Alignment of expenditures with Sustainable Development Goals (SDGs) 2022-2026.** Information on the volume of expenditures aligned with SDGs is provided. For 2026, 4,1 billion manat will be allocated from the state budget for SDG-aligned programs, with 85% (3,5 billion manat) allocated to Goal 11—Sustainable Cities and Communities. The website also provides a table showing SDG alignment for funds allocated to programs in four sectors (Social Protection and Social Security, Environmental Protection, Agriculture, Education) for 2026-2029.
- **Main directions of revenue policy.** For 2026-2029, the revenue policy focuses on: 1) supporting entrepreneurship and reducing the tax burden (optimizing taxes for non-oil, non-state sector taxpayers, promoting cashless payments, supporting agricultural producers, expanding tax exemptions, adjusting excise and VAT policies); 2) creating a favorable investment environment (support in fisheries, stimulating local production under PPP, improving tax benefits for domestic car sales and imports); 3) improving tax and customs administration (enhancing accounting for repair and depreciation, optimizing exemption mechanisms, regulating resident status for entities in liberated territories).
- **Priority directions of state expenditure.** Seven main priorities for 2026-2029: 1) supporting sustainable and high economic growth; 2) defense and national security; 3) social protection and social security; 4) support for education and innovative development; 5) modernizing healthcare and improving medical service quality; 6) reconstruction, restoration, and resettlement in liberated territories; 7) clean environment and “green growth.” For example, 3,5 billion manat is allocated in 2026 for the continued reconstruction of liberated territories under the State Program for the Great Return.
- **Medium-term revenue forecasts for 2026-2029.** Forecasts show total state and consolidated budget revenues rising from 39,3 billion to 41,6 billion manat, with non-oil-and-gas revenues increasing from 55% to 61,9% of total revenue.

- **Oil price expectations and impact on budget revenues.** Forecasts by the World Bank, IMF, and others are provided. Average global crude oil prices are projected under three scenarios: optimistic \$75/barrel, base \$65/barrel, pessimistic \$55/barrel, with state oil-and-gas revenue expected to decrease from 3,4–3,8 billion manat to 3,1–3,5 billion manat over the four years.

The Ministry of Finance’s website also provides budget information for 2026 and the following three years, including functional and economic classification of expenditures and amounts of tax and non-tax revenues.

Alignment of expenditures with Sustainable Development Goals (SDGs). The [Annex](#) shows funds allocated under Azerbaijan’s 2022–2026 socio-economic development strategy and their alignment with 10 of the 17 SDGs. For 2026, 4,1 billion manat is allocated, with 85% (3,5 billion manat) going to Goal 11 (Sustainable Cities and Communities). For 2026-2029, a table shows SDG alignment for [four sectors](#): Social Protection and Social Security (3 goals), Environmental Protection (7 goals), Agriculture (5 goals), and Education (1 goal).

According to the Law on the Budget System and the [Law on the Chamber of Accounts](#), the Chamber provides an opinion on the draft state budget. The Chamber’s [opinion](#) on the 2026 draft law includes:

- Analysis of documents and indicators included in the budget envelope for compliance with legislation and strategic documents;
- Analysis of state budget revenues;
- Analysis of state budget expenditures;
- Analysis of the state budget deficit and its financing;
- Analysis of public debt and debt service expenditures.

The Chamber also publishes opinions on the budgets of three extra-budgetary funds ([State Social Protection Fund](#), State Oil Fund, [Unemployment Insurance Fund](#)) on its official website. It has already published [opinions](#) on the 2026 draft budgets of the State Social Protection Fund and the Unemployment Insurance Fund.

5. Main Findings of the Analysis

Based on the analysis of the scope of budget documents and essential budget information disclosed to the public by the governments of the three South Caucasus countries before and during budget discussions, the following key findings can be highlighted:

1. **In Georgia and Armenia, even ordinary citizens can access budget information, whereas in Azerbaijan, such information is not accessible even to members of Parliament. According to Article 95 of the [Constitution](#) of Azerbaijan, the approval of the budget and oversight of its execution fall directly within the exclusive powers of Parliament. Clearly, exercising this authority requires deputies to have detailed knowledge of the budget.**
2. **Compared to Georgia and Armenia, the following budget information in Azerbaijan is not publicly accessible:**
 - Economic classification of expenditures by functional sections;
 - Allocation of expenditures by programs within functional sections;
 - Allocation of program expenditures by specific activities, measures, and projects;
 - Economic classification of program expenditures;
 - Program objectives and intermediate and final indicators to evaluate results;
 - Expenditures for maintaining local government structures in individual regions;
 - Economic classification of expenditures by each organization and paragraph;
 - Revenues legally obtained by public and non-profit legal entities and the amounts of expenditures within these revenues;
 - Allocation of state budget expenditures by programs and subprograms;
 - Allocation of budgetary investment expenditures by projects;
 - Allocation of expenditures for projects funded by foreign loans and international grants;
 - Allocation of financial aid from the central government to local budgets by local self-government bodies, including targeted aid for specific projects;
 - Number of staff units in organizations funded by the budget;
 - Number of vehicles in the service of state bodies;
 - Amount of salary funds allocated from the budget to law enforcement (police, prosecution), security, and defense structures.

Even within the framework of existing international initiatives on budget transparency, public access to budget information in Azerbaijan is highly limited. For example, the International Monetary Fund's [Fiscal Transparency Code](#) requires disclosure of budget information covering the entire public sector. This applies not only to central and local budgets but also to financial indicators of state enterprises. In a country like Azerbaijan, where the share of state taxes in the budget is high, disclosure of revenue volumes from both the private and public sectors is particularly important. IMF experts emphasize the need for classification of expenditures not only by functional sections but also by economic, administrative, and program levels, as well as the publication of a list of major investment projects and their amounts for public access.

According to the [methodology](#) of the International Budget Partnership (IBP), the government's budget proposal document should disclose functional expenditure categories at economic and

program classification levels, provide the names of investment projects, amounts allocated to each project, and information on implementing agencies.